

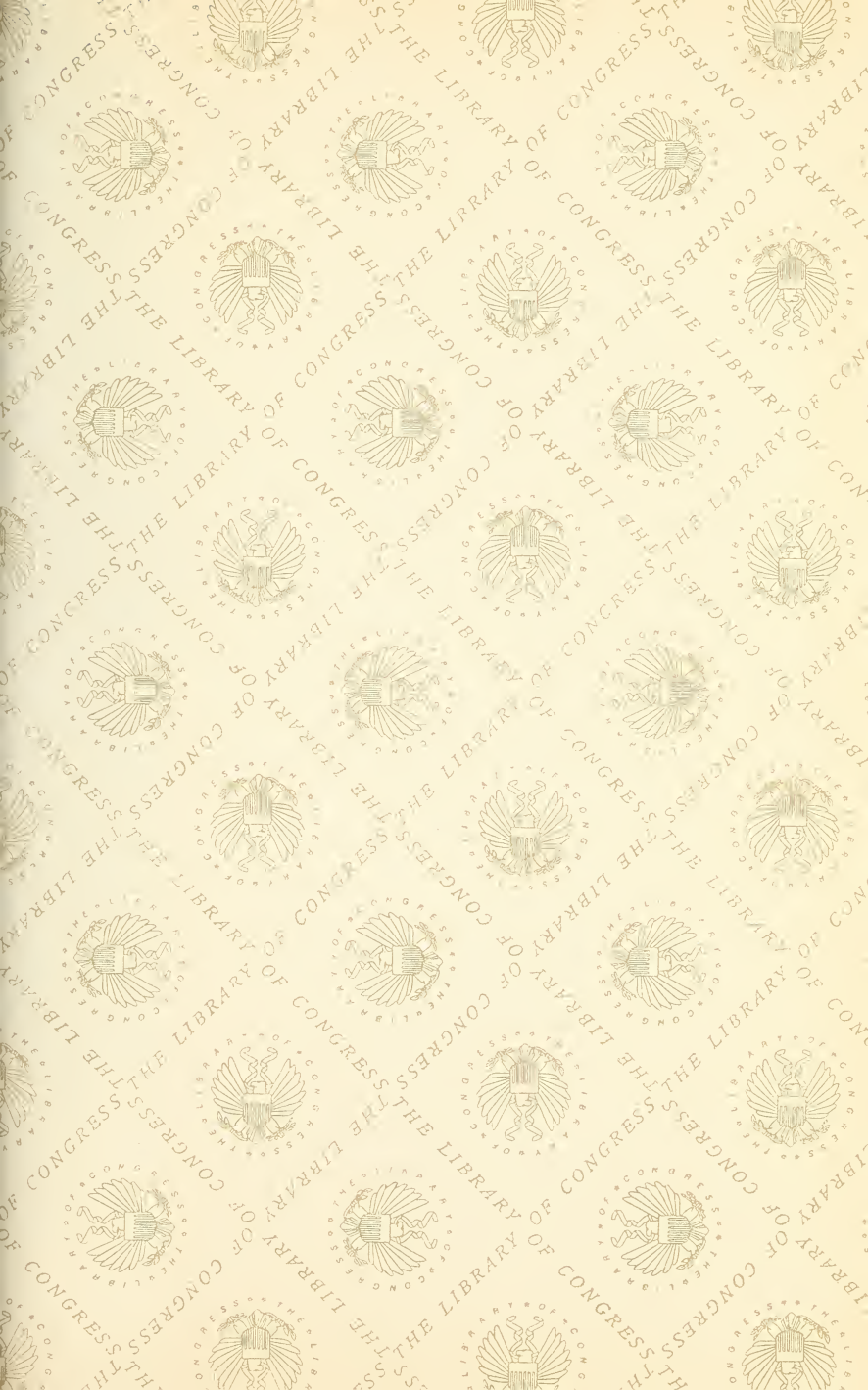
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PROGRESSIVISM—AND AFTER



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# PROGRESSIVISM —AND AFTER

BY  
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AUTHOR OF "SOCIALISM AS IT IS," ETC.

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## PREFACE

IN writing about the relations between Progressive, Labor, and Socialist parties, I believe I have given fully as much space to pointing out the very great services they are destined to render as in showing their limitations. But these movements are exceedingly popular. The public is accustomed to hear their claims expressed with every degree of eloquence, while the only criticism that is ordinarily heard is the entirely negative and destructive one of the reactionaries and conservatives, who at the bottom are satisfied with things as they are, or, at most, are content with a very modest rate of progress, and would have wished to kill the new movements before they were born. There has been little or nothing of that constructive criticism which considers such movements as natural products of social evolution with certain definite functions to fill, acknowledges that they have a future neither entirely bad nor entirely good, and shows that they also have certain limitations—like everything else. Since these limitations are so little discussed, and since the public is more or less familiar with much of what I have to say in praise of these movements, it is probable that the spirit of criticism will, at first, impress many readers as dominating this book. I have tried throughout every chapter to avoid giving any ground for such an impression, and believe that if the book nevertheless has this effect on some persons, it will be due to previous reading of uncritical works rather than to any fault of mine.

But to make my point of view unmistakable, I shall here endeavor to state my political creed in a few paragraphs:

Wherever there is an inevitable conflict between a lower and a higher social group, any person who is wholly progressive must take his stand with the lower group. For the upper group will always use its power chiefly (though not exclusively) for its own purposes. That is, every ruling social group is an exploiting group—as long as there is a lower group to be ruled and exploited.

Every individual who wishes the maximum of social progress should therefore view all social questions from the standpoint of “the lower half” (which, however, is not quite half the population and never will be allowed to become half). This “lower half” consists of several elements, the chief of which is ordinarily called “unskilled labor.”

Accordingly, in every conflict between this “lower half” and the next higher social group—which consists largely of the “aristocracy of labor” (together with clerical labor, the poorer professionals, etc.)—it is the duty of the genuine progressive to take his stand against these latter classes and their parties (usually called Labor Parties) and to fight on the side of the laboring masses.

Similarly, in every conflict of “the aristocracy of labor” with the next higher social group, the small capitalists, the real progressive must take the side of “the aristocracy of labor.” Thus he must stand with “Labor” parties as against mere progressive parties, and also, as a rule, with trade unions—no matter how small the group and interests they represent—as against employers.

And finally, in every conflict between progressives and conservatives, he must stand with the progressives—even though they seem to represent nothing whatever but

the interest of the small capitalists against the large. For, though the interest of non-capitalists be apparently ignored, the majority of the so-called small capitalists "live principally by means of their own labor" and are thus somewhat more akin to labor than to capital.

The above is not merely a personal creed, for we find that it is more and more being adhered to by a large and rapidly growing number of persons. The "unskilled," even when organized in revolutionary unions at war with the "skilled," vote for the latter's "Labor" Parties. And Labor and Socialist Parties, all over the world and without exception, support the radicals and progressives in every important struggle against the conservatives. Moreover the number of persons who follow this policy will be vastly increased as soon as our political machinery allows a full and free expression of opinion. At present the voter who prefers Socialism and progressivism to conservatism can only express one of his preferences. The best systems of proportional representation (second and third choice voting or non-partizan primary elections) allow him to express both choices at the same election. Without some such system many persons are voting for progressive candidates in order to defeat conservatives, who unquestionably would be prepared to support the Socialists against the progressives if the conservatives were eliminated on the first count or first ballot.

Although this position, developed in my "Socialism as It Is," was accurately grasped by the great majority of the critics and reviewers, it was also widely misunderstood. Dr. John Graham Brooks, for example (in his *American Syndicalism*, p. 100), suggests that because I, a Socialist, had said that the Progressive Party program was "in no degree Socialistic" that this amounted to "a flouting of reforms." The insinuation is that Socialists

are all so dogmatic and partizan that they must claim that there is no good outside of Socialism, and that for a Socialist to say that a program is not Socialistic is for him to say that it has little or no value.

It is true that this has been the position of most partizan Socialists, especially of the more opportunistic, who are forced to endeavor to compensate for their readiness to compromise their principles in all really important or practical matters by an extreme and unreasoning partizanship in refusing to give credit to rival or hostile movements for any really important achievements. But this has never been my position.

"Useful but temporary makeshifts" is the way the most influential writer in the American Socialist movement characterizes the whole progressive reform program. (See Morris Hillquit in *Everybody's Magazine*, November, 1913.)

"A profound, revolutionary and permanent social advance from every standpoint—even that of the wage-earners," is what I show the present and impending changes to be. And I show further that, while there is no hope for Socialism as an outcome of the present society, Socialism will be both possible and inevitable as an outcome of the new society that is now forming—in spite of all that progressives or Laborites may do to prevent this outcome.

Apparently one is supposed either to be exclusively devoted to the progressive program as it is being carried out by the progressives, or to be wholly opposed to it, or to be avoiding the issue. My position, which is that of a great many, cannot be put away into any of these three pigeon-holes. I consider current reforms as being extremely important and valuable, as being wholly progressive, as in no way impeding the further advance towards Socialism, but as an absolutely indispensable prepara-

tion for it, and as starting out on a road that leads *finally* in the Socialist direction. Although this road starts out at a different angle, whether the progressives like it or not it must turn that way. But I consider Socialist reform as infinitely more important than progressive reform, because it alone would lead at the present moment directly towards a better distribution of income and opportunity. Does this mean that I attach less value to present reforms than Dr. Brooks does? On the contrary we Socialists should, and usually do, attach more value to reforms than do the mere reformers. We see their present advantages, but we see further that they may be used as a means to reach Socialism. I, for one, am going to avoid further misunderstanding. I am unqualifiedly and enthusiastically in favor of these measures—as I believe are the overwhelming majority of Socialists everywhere—though many of them mistakenly expect Socialists to carry them out. However, though Socialists are in no position either to carry out or to compel or direct the carrying out of important reforms, they are certainly among their chief originators. The fact that Socialists wish to use reforms for larger purposes, far from crippling their work as reformers, makes it more effective than that of others who do not care to look beyond, or perhaps even to pass beyond, these first steps in progressivism—in view of the fact the road promises, before many steps are taken, to lead in a direction they do not desire—that is, towards Socialism.

While one must favor the whole progressive program whole-heartedly and work for it effectively if one is a Socialist, it is of the utmost importance to distinguish between progressivism—even in its most advanced form—and the first steps in Socialism. For the difference between the two movements is one of kind and not merely



of degree. While they may and often do agree both as to the *ultimate* goal and as to *immediate* practical measures, they take diametrically opposite views as to a far more important matter, namely, the whole field that lies between the ultra-practical (immediate measures) and the ultra-ideal (the ultimate goal). As to the best that can be put into practical effect this year or next, given the present power of the various parties, all practical persons, of whatever party, may, and often do, agree. And the majority of the opponents of Socialism have complimented its ideal as a possibility or probability of the remote future. The real field of political conflict lies between these two periods. The important question is what part of the ideal is within the range of present practical activity? Rather than "final" or "ultimate" goals, we need goals that may be achieved in our time, or at least largely achieved by us and finished by our children. Ultimate or final goals are so unrelated to the present as invariably to receive the most absurdly contradictory applications, often serving admirably the purposes of reaction.

We need to know, on the other hand, not what we can do with this year merely, but what we can do with our lives. We differ practically, not so much on immediate programs of action as on intermediate programs. Immediate programs bring no new constructive forces into politics, accomplish no great changes, since the promise of great changes always lies largely in the future, but merely recognize conditions as they are and make the most of them. Only that ideal which consists wholly in a practical program and has no other formulation, only that practical program which at every point embodies this practical ideal and no other, can give us the principles through which the maximum of progress is to be secured.

A fundamental criticism of my *method* must also be



noted. It is well stated by Dr. John C. Kennedy (*The American Journal of Sociology*, December, 1913):

“Walling constantly sets ‘State Socialism’ and Collectivism over against true Socialism. Aside from the fact that unquestionably most Socialists are Collectivists, Walling seems to be extremely unpragmatic in his attempt to draw a sharp line between the capitalist society, the State Socialist Society, and the real Socialist society. Unquestionably much of what he designates as State Socialism is simply the beginnings of the Socialist society into which we are rapidly evolving.”

My answer is that no evolutionary process can be described except by defining stages of growth and by discriminating between them. And when these stages are not yet generally understood or accepted the discrimination must be made as definite as possible. This does not mean that the writer recognizes no transitional stages or that he believes that the opposition between one phase and another is always sharp or that there is always any opposition at all. My meaning is only that the actually existing cleavage between the State Capitalist, State Socialist, and Socialist policies is the one great political fact that is most in need of recognition to-day. Indeed it is equally essential to my argument that one stage is evolving into the other. “The beginnings of the Socialist Society” are to be found not only in State Socialism and State Capitalism but also in the present society, in feudalism, and even in slave-societies. This half of the truth must never be lost sight of, but it is already generally recognized, and is even too much dwelt upon, and so there is far less need of emphasizing it than there is of dwelling upon the other half of the truth—that these are all profoundly different stages of social evolution.

There is another personal statement that cannot be dis-

pensed with. I touched upon several of the topics of the present book in my "Socialism as It Is," which was written for the most part nearly three years before the appearance of the present volume. I do not pretend to have learned nothing new during this period. On the contrary the last three years, as I predicted, have been years of rapid and even critical political change in nearly all of the leading countries of the world. Both Socialism and Progressivism have been largely revolutionized. As a consequence some of the tendencies I then featured have been immensely strengthened and have continued in the direction I indicated—for example, State Socialism and Syndicalism. Others, however, have been swamped by counter-tendencies. I described the growing strength of the revolutionary wing of the Socialist Party in Germany and other countries, and expected this growth to continue. But the other wing, the reformists, have now swept everything before them, and seem in secure control, not only in Germany, but in every other country except Italy, where there are now two flourishing Socialist parties, representing both tendencies. The change, however, is closely connected with another change in the opposite direction, the rapid increase of revolutionary Socialism in the labor unions. In several countries, such as France, the revolutionists are more numerous than ever, but have left the Socialist Party to the reformists, while they give themselves entirely over to labor union action. In other countries, like Germany and Belgium, they are also giving themselves up to revolutionary mass movements, though with a political object, e. g., to the general strike for universal and equal suffrage. Revolutionary or radical Socialism continues to advance, but not in purely political movements, as I had expected.

Like "Socialism as It Is," the present volume is, I believe, thoroughly international in scope. In that work

I gave only a minor portion of my space to the United States. At present I am mainly concerned with this country because the new movements are now developing more rapidly here. However, I have made frequent references to Great Britain, Germany and Australasia, and have held the international standpoint in mind throughout. Of course the names used for these new movements differ from country to country. It will be noticed, for example, that the "progressives" of America hold almost identical views with the Radicals of Great Britain.

With the exception of two sections of the Appendix, the book consists almost wholly of new material. Parts of my analysis of President Wilson's position in the earlier chapters are taken from articles published in *The New Review*, and my analyses of the article series of Hillquit and of Mr. and Mrs. Webb are from *The Intercollegiate Socialist*. Appendix F—"The American Socialist Party and the Race Problem"—is taken largely from an article published in *The Independent*, and Appendix D, on French Syndicalism, from *The New Review*.

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Cedarhurst, Long Island.



## INTRODUCTION

### I. SUBJECT

FOR a truly scientific perspective of any movement we must try to place ourselves in advance of it. The child cannot understand the man. The man may understand the child.

The mere wish to take an advanced position and from there to look back on our own time is, of course, not sufficient. No individual can hope to take such a position successfully except as one of a very large group of persons who habitually and systematically adopt this standpoint, who aid one another in the effort to apply it practically, and are forced by their interests, their daily lives and their whole outlook to center their attention chiefly on the future.

Fortunately there is such a social group, numbering millions of people and distributed throughout all modern countries. The various schools of Socialists of the world are of many utterly different opinions on every fundamental question but one. All who are really Socialists concentrate a part of their attention on the stage of society that is to follow the progressive or "State Socialist" period into which all the more advanced countries—the United States, Australia, Great Britain, France, Italy, and Germany—are now entering. All Socialists without exception try to view this new movement—whatever we call it, Progressivism, State Socialism, State Capitalism, or Laborism—from the other side. And this, as I shall show, is the only scientific and practical method.

Progress will not cease with the Progressive movement. Ex-Senator Beveridge has recently quoted with approval Jefferson's remark that no party ought to last more than thirty years. As things move on so much more rapidly in these days we may agree with him, with the amendment that now even thirty years is probably too long. Within half that period, no doubt, the present world-wide State Socialist and State Capitalist movements will have transformed our present society and completed their beneficent and revolutionary task. To understand this movement then, and to judge it fairly, we have to put ourselves forward only for this comparatively brief period—and men have often succeeded admirably in looking much farther ahead.

No leading American progressive (Democratic, Republican, or of the Progressive Party), nor any leading German, English, or Australian of this political faith, would contend for a moment that social institutions, political or economic, will cease to evolve when their particular program will have been put into effect. But as ultra-practical men and women they do not devote any of the time of their movement to these underlying and far-reaching questions. *As party members*, indeed, they act as if such questions did not exist. Thus they not only fail to grapple with or to understand the problems of the next generation, which it is the business of all of us, even as parents, to know something about, but they fail to see deeply into our own times for the lack of sufficient perspective.

Progressives, therefore, do not understand and cannot explain the progressive movement. They do not realize that the business of the coming generation belongs to us almost as much as our own business does, and that the interests of our children must overshadow our own interests in many of the most fundamental issues of so-



cial politics. They do not realize that the next two or three decades are really a part of the present and that their program scarcely provides measures and policies for half that period.

Progressives may contend that their program will grow with the times. But here is where we see the wisdom of Jefferson's principle (accepted by the Chairman of the Progressive Party Convention). A party, like an individual, has a period of growth—but only until it reaches full maturity. I concede, in the present volume, that the American and British progressive movements, which are now so rapidly taking on new measures and policies, have still a period of growth before them—and I point out that, according to the precedents of other countries, they must soon come to take a very radical position—more radical than some of their leaders are yet willing to admit. But there are also signs, in several countries, of the approaching maturity of this movement. And I believe I can convince the reader that it will probably be only a few years until it will have reached its climax, will have fulfilled its functions and will begin gradually to decline. Progress will continue but not through the progressive movement.

It has been demonstrated that every science is given its character as soon as its limits are defined, but not before. It is the same with a social movement. When we get some idea of the movements that accompany, precede, and follow it, then and then only do we understand the movement itself. Progressives have failed to note that to understand progressivism it is necessary to understand its limitations.

And similarly, if we wish to understand the limitations of the movement that seems destined to follow progressivism, we must have a well-defined idea of that movement also; and for this last-mentioned purpose, finally,

we should have some general outline of the movement that seems destined to succeed this last.

That we can form a well-defined idea of the movements which, in the minds of most unprejudiced observers, are bound to succeed progressivism, namely such Labor Parties as those of Australia and Great Britain, and such conservative Socialist Parties as that of Germany, can scarcely be questioned. These parties have been a real political force now for a decade or more, and it will surely not take another decade before they are dominating factors. Their programs have not only been worked out, through many years of discussion and study among millions of men, but they have been tried in the fires of political combat, and in Australia, to some slight degree at least, in administration.

But if progressivism (which I shall henceforth call by the more accurate name of State Capitalism) has not yet reached maturity, and its destined successor, Laborism or State Socialism, is only half-grown, by what claim of science and common sense can we hope to trace, even in outline, the still more radical policy and the still more democratic society that are to follow them? Well, if State Capitalism is practically full grown, and State Socialism is well on the road to maturity, the succeeding movement is at least already born and, as an infant, is thriving and growing rapidly in our midst. The New Unionism, Syndicalism, or Industrial Socialism, whatever we may call it, has certainly reached a point, in several countries, so that it requires no prophet's vision to tell us what its tendency is and what kind of society, in a general way, it makes for.

These three movements, State Capitalism, State Socialism and Socialism, it seems to me, absorb between them the practical and scientific interest of all forward-looking persons. Between them they rule the advanced thought

of the present, as they are destined to rule the society of the near future. For, with the constantly accelerated progress of our time, we are always moving faster than even the most radical had dared to predict. And just as progressivism and Laborism will almost certainly have made their great and inspiring contributions to human progress within the next quarter century—contributions, the benefits of which will last indefinitely—so Industrial Democracy may at least have been inaugurated by the end of this period.

## 2. METHOD

The modern way to discuss anything is to study it in its historical perspective, that is, as a growth, divided into stages that develop one out of the other. This evolutionary method is undoubtedly the best. But unfortunately it lends itself more easily to the past than to the future, more often to history than to genuine science. Comte pointed out that we can only be said really to see—or understand—when we can foresee. And, according to one of the best-known philosophers of science, Ostwald, the only criterion by which true science can be distinguished from pseudo-science, is that the former is capable of practical prophecy, and, when it is applied actually, determines the future.

If we still find leading scientists, like Lloyd Morgan, saying that the outlook of science is essentially retrospective, this is because such scientists are concerned, even in a study like biology, rather with the history or the evolution of the past than with real science, the science that brings things to pass. The older retrospective science, if it was science, was the product of an age when men were lost in admiration of the progress that was al-

ready taking place in nature and in society. If science was applied at all for the purpose of accomplishing practical results, and of shaping the future, this was done by individuals and not by society, and when science was applied on a large scale, it was applied to chemical elements, physical forces, and lower forms of life, and not to man. Sociology had been born, but was still a mere chronicler, an onlooker—not functional or scientific in the deeper sense. And even biology—which tyrannized over the whole field of science, and, at the hands of most of its devotees, was merely a descriptive history, dealing it is true with the “laws” as well as the facts of past evolution, and attempting to extend these “laws” to the future concerns of man—invariably took as its point of departure what had been rather than what, in view of the growing mastery of man over nature, was to be. And in this effort to govern man rather than to serve him biology was encouraged by the society of the time. Among all the sciences and philosophies which were competing for that public attention and financial support which are the life blood of all alike, this historical biology, with its “Oh so slow!” and at the same time fated “evolution,” and its “survival of the fittest,” was best fitted to the social ideals and social structure of the time. The ruling class was, on the whole, the fit. It had attained its position by a “law” of nature. Now that it was there it would require millenniums to make even the comparatively small change necessary to replace it.

But now, every day, science is becoming more consciously pragmatic, more consciously concerned with the service of man. Applied science, as Ostwald says, is now recognized as the mother of the sciences. This new science and philosophy alone satisfy the demands of the age, and are beginning to secure the bulk of that intellectual and financial support on which even science and

philosophy depend. For the present society means no longer to leave science either to rely on the approval of wealthy philanthropists, who approve of it in proportion as it teaches conservative "laws," or to depend on what it can do that is of immediate commercial value. Science is being rapidly endowed, absorbed, and directed by government and is being applied more and more exclusively to work of a practical nature and of the highest value, though it gives no immediate profits. And this is the science which now has the unqualified support and respect of the most able and advanced of the scientists of the time.

The new science then is prospective, not retrospective. But if it wishes to use the essential method of evolution, how is it to proceed—since evolution, dealing with the development of actual processes, tends to deal exclusively with the past? We may answer, briefly, as follows: All genuine practical science begins with an hypothesis and a plan for work. In the evolutionary method our hypothesis and plan should divide the subject into stages growing out of one another—developments which we believe will actually take place, as they are at once the most practicable and the most desirable from the point of view of mankind.

Science looks to the future, not because we are more concerned with the future than with the present, but because that is the only way by which we can understand the present. Insight presupposes foresight. The forecasts upon which all true science rests are merely working hypotheses which give us more or less scientific plans for present action. Many of these hypotheses will fail, but others will stand the test of experience—until their function will have been fulfilled.

We are not concerned then with projecting the past into the future, as the older, passive evolutionists did—



when they were called upon for practical and constructive work. Not only do we mistrust the lessons of this past, but we are concerned with the future in a way entirely different from theirs. We are neither looking from the past into the present, nor from the present into the future, *but from the future into the present* (and, chiefly perhaps as a mere exercise of the same faculty, *from the present into the past*). We are evolutionists, but we have reversed the very direction of evolutionary thought. Much of the older science will, no doubt, survive, and will be utilized, but only as it can be made to harmonize with the new. We shall apply the old method only in proportion as we find facts or laws of the past which seem likely to survive in the activities of the men of the future.

In social science we are not in the least concerned, then, with mere historical analogies, or with "laws" that project or extend the past into the future, but are occupied wholly with projecting on the present a series of scientific hypotheses based upon what seem to be the probable future stages of social evolution. Pretending to no dogmatic validity, and leaving the field open to other hypotheses, to be similarly tested by later events, the only justification of this method is its results. And if one who has tried it can point to a balance of successful forecasts—as many persons can now do—he can claim the attention and, in proportion to his success, the confidence of the public.

An excellent illustration of the successful use of this method may be seen in James Bryce's carefully drawn and dated forecasts concerning the United States, made in 1884, in the concluding chapters of his *American Commonwealth*. Bryce is a Darwinian rather than a pragmatist and it is perhaps for this reason that he did not make a bolder use of the scientific imagination. For



if his forecasts had been broader they would, no doubt, have been even more successful, and his treatment of his own times would have been correspondingly more practical and scientific.

Bryce's main forecast or hypothesis, which is similar to that of many other statesmen, beginning with Benjamin Franklin, was that, within fifty years from the time he wrote (1884), "the chronic evils and problems of old societies and crowded countries, such as we see them in Europe, will have re-appeared on this new soil." Though the probability of this change was taken as a matter of course by so many persons, it has been either denied or practically ignored by the great majority of Americans, including our leading statesmen, from the time of Jefferson and Lincoln to the present.

But Bryce went further into detail. The basic American conditions, the underlying differences between America and Europe, he said, would begin rapidly to disappear within half a century. These were, (1) "the absence of class distinctions and class hatred," (2) "the diffusion of wealth among a vast number of small proprietors all interested in the defense of property," and (3) "the exemption from chronic pauperism and economic distress." He showed that all these conditions were temporary, depending chiefly upon an empire of free or cheap land in the West. As this land became all cultivated, and also as large corporations became more numerous and powerful, all three of these conditions, he predicted, would disappear. The cost of living would rise and *real* wages would be lowered; even small farms would require a considerable capital, business and other opportunities would become relatively less, while, with the decrease of opportunities to rise socially, definitely marked social classes would appear. This process would begin before the lapse of thirty years (1914) and it

would be far advanced before forty or fifty years (1924-1934).

Not only are these predictions justified up to the present, but they seem almost certain of further justification. In many others of his points (in nearly all) Bryce has already proved to be right, and we can only regret, as I have said, that he did not have more confidence in this basic part of his work. On the whole his hypotheses were too conservative. It would have been better, perhaps, if he had taken a shorter period, 25 or 30 years, and had worked out his ideas somewhat more fully—though detail, of course, is not permissible. Such a shorter period, a generation, for example, is both the chief practical concern of those now in early maturity—for at their peril they must understand in a general way the years in which their chief activities will lie—and is the proper and practical concern of us all in providing for the next generation. As individuals we have always looked after the next generation up to the beginning of their careers and marriages. To do this we either act on our conception of what society and life and people are going to be like, or we act on no idea at all. And now that society as a whole is beginning more and more to provide for the next generation as a whole, principles even more definitely scientific and practical are called for. The period is not a long one to forecast, for most railroads and canals and most government investments are expected fully to pay only within a quarter or even half a century and are based upon calculations of future conditions dated that far ahead. And, finally, the conscious effort to deal with the whole of our generation instead of the present year or two is really not to go into the future at all. Logically the present is only an infinitesimal moment. We habitually think and act, however, as though it covered a year or two at least, if not a decade

or two. Nearly all historians and most publicists would refer to the period 1890-1914, for example, as "the present." We have an equal right and duty to regard the period 1914-1940 as all belonging to the present time.

Yet, however short we try to make the period for which we look ahead, our hypotheses will have to be as broad as possible. For the changes in the next quarter century will surely be nothing less than revolutionary. Progress is cumulative, and advance in any direction furthers advance in every other direction, and so the rate of progress is constantly accelerated. It has been said that we have advanced more in the last century than in the preceding twenty centuries. And we may confidently expect more progress in the next twenty-five years than we have had in the last fifty. If, then, as Dr. Charles W. Eliot says, "the whole world has been remade in fifty years," we can be certain that the world will be remade again in the next quarter century. The greatest revolution in the history of the human race, greater I believe than all previous revolutions put together, was the world-wide and effective application of steam transportation and communication in the last half century. The signs that point to a far greater revolution in the next generation are enough to convince the least scientific and imaginative.

### 3. THE PRACTICAL IDEAL

The fact that the rate of progress is constantly being accelerated is acknowledged by most thoughtful and honest men—provided they are not blinded by some commercial interest or personal privilege. The great differences of opinion to-day are not as to the nature of progress or its direction, but as to its rate. When will the

changes most of us expect begin? If next year we must give them immediate attention, if in our generation we cannot afford to neglect them, if in the next we can leave them largely to our children. And according as we put an expected social change in one or the other of these positions we may reach the most diametrically opposed conclusions with regard to it.

We may all agree about that which is of no immediate importance. We may have the same ultimate goal. And yet we may differ completely on all practical questions of the present and of the incoming generations.

Many Socialists, for example, say that the essential thing that distinguishes the Socialist party is its goal and not its program of practical demands, of which, they admit, scarcely one is peculiar to the Socialists.<sup>1</sup> If this be so, then as a matter of sheer fact there are no Socialist parties anywhere, but merely organizations similar to other progressive and Labor parties, with the entirely incidental and, from a practical standpoint, negligible difference, that they cultivate another ideal. For conditions, which create ideals, or at least decide their survival or non-survival, are constantly changing and we cannot, therefore, gauge the real nature of a movement by its ideals, but only by its *practical* aims and its actions. New conditions will lead some persons (and movements) to abandon their so-called goal, will bring others to endorse the same goal, and may even force certain groups, which now merely profess the goal—as an ultimate ideal—to make it also a practical aim. Whatever happens in this matter depends on changing conditions, and in the meanwhile the nature of the “ultimate goal” is of utterly subordinate interest.

Many progressives in America and other countries profess to believe, or do believe, that they are guided by some such ultimate goal as “industrial democracy,”

or "economic democracy," or by the general interests of "the State," "society," "humanity" or "the race." The last named cease almost to be concrete social goals and are rather mere ethical ideals, like that vague "altruism" which is also professed by many American progressives, though it is now less fashionable than these newer and more scientific phrases.

Roosevelt offers us a good illustration of the present transition in the form of the statement of ideals in his recent Century article, where he weaves in "altruism" with a modified Socialism and individualism. "The goal is not Socialism," he says, "but so much of Socialism as will best permit the building thereon of a sanely altruistic individualism."

In so far as such distant goals are clear and concrete—which "altruism" certainly is not—nearly everybody accepts them to-day, and the only question is, By what road are they to be reached and how soon? We want to know, not so much what the social ideals or ultimate aims are, as what they are doing for the groups that profess them, and what these groups are actually doing for their ultimate aims. What we want to know is, first, the principle that is *actually* guiding the practical action of those who profess such goals, and, second, the motive that led to the adoption of this acting principle, and, finally, the general social conditions that determine that motive. We are trying not only to look as far in front of the act as possible, but also to see as far as we can behind it—without going into the past.

And when we look for the motive behind the political act and its immediate guiding principle we find with Wells (in his *New Machiavelli*) that it is prompted "by interests and habits, not ideas." "Every party," Wells continues, "stands essentially for the interests and mental usages of some definite class or group of classes in the existing com-



munity. . . . No class will abolish itself, materially alter its way of life, or drastically reconstruct itself, albeit no class is indisposed to co-operate in the unlimited socialization of any other class. In that capacity of aggression upon the other classes lies the essential driving force of modern affairs." <sup>1</sup>

It is a man's social group, his inherited wealth or poverty, his educational privileges, his income, his expectations and opportunities that finally determine his action, unless in rare exceptions, and not ultimate social goals and ideals.

We want to look just so far into the future then as will have a decided practical effect on our present actions. And what we want to know from the future is *not so much the direction in which we are going, since most of us will agree about this, as the distance we ourselves or our children may expect to travel on the road.*

If we believe that we are destined to go very slowly and that it will take a century or two to reach social democracy, for example, it makes no difference whatever whether we regard social democracy as an ideal or as a condition of society we abhor. It makes no difference whether we try to *defend* Socialism with such an argument as that of the Metropolitan Magazine: "*We* would have it clearly understood that we have no foolish illusions about human nature and the possibilities of perfect equality. *We* cannot abolish capital by a stroke of the pen; nor can *we* accomplish in fifty years, nor yet in a hundred, half of the Socialist program. The world does not advance in that way."—or *attack* Socialism with precisely the same argument, saying to the Socialists, "*You* cannot accomplish in fifty years, or yet in a hundred, half of the Socialist program."

For every *practical* purpose the two views are identical. Indeed, since the tendency towards Socialism has been

admitted by many of its most bitter enemies (such as Herbert Spencer and John Morley), by far the most effective way of combating it is to postpone its probable date a century or two. And, if this is done under the guise of a defense, it is all the more effective.

#### 4. THE PRESENT LAW OF PROGRESS

I shall then state at the outset that hypothesis, or forecast, of the progress of the present generation (or quarter century) which seems most in accord with the facts. An hypothesis should never be presented as "the conclusion" of a book, for it is always as much the principle upon which the facts recited are chosen from the multitude of facts known, but not mentioned, as it is a conclusion from all the facts.

I have divided society, first, into its two most important groups, capitalists and non-capitalists. But I have not stopped with this division. Without wishing to carry the process of sub-division so far as to introduce confusion into the argument, I have divided each of these two groups into two again, the four groups then being: the large capitalists and the small capitalists; the privileged non-capitalists and the non-privileged. The division into the two classes is the familiar one of the Socialists, the division into four groups is also recognized by them at times, but is given an entirely subordinate importance, when it is not suppressed entirely. In the Socialist reckoning the small capitalists are usually supposed to be overpowered by the large whenever there is a serious conflict, though the two are portrayed as being in entire accord on all fundamental matters, which are held to affect all capitalists alike. The privileged "aristocracy of manual labor" and the closely related



"educated proletariat" are also recognized, but are supposed, in all fundamental matters, to act more and more with the other non-capitalists, that is with the non-privileged manual wage-earners and brain-workers.

But I hold that each of these four groups dominates, or will dominate, a period in the evolution of society. The large capitalists still control economic affairs in all modern countries, although the political power of the small capitalists is on the very point of overthrowing them, not only in Australia and the United States, but also in Great Britain and other countries. Within a very few years the small capitalists may be in complete control. But their control cannot be lasting.

For the process of depriving the upper classes of power, one after the other, has already begun and there is no reason to suppose it will stop short of genuine social-democracy. For example, take the speech of the Chancellor of Great Britain, in opening the Government's campaign against landlordism<sup>2</sup>:

"Speaking of the powers of the landlord, the Chancellor of the Exchequer said:

"The authority of the Sovereign is not comparable to that of the landlord over his subjects. He could make and maintain a wilderness, and he has legal authority to do more than even a foreign enemy could impose on the country after a conquest. In Ireland millions have been driven away from the land by legal process."

"The Chancellor disclaimed any desire to attack landlords as a class, but he said that human beings of class could not be trusted with such sweeping power without abuse, oppression and injustice arising, and it was necessary to deprive landlords of the power of repeating what had happened in Ireland."

Lloyd George says he is not attacking any class. But he is attacking the *power* of a class and seeking to deprive it of that power—which surely is attacking it, both

from the point of view of the class itself and from the point of view of most of those who want to deprive it of power. He is attacking the class as a whole, though he is not attacking the whole class—that is, he is not including every member of the class in his attack.

Now the power of the large capitalist over his employees, Lloyd George would probably admit, is surely no less than that of the landlord over his tenants. And employees unanimously testify that the small employer's power is even worse than that of the large—a condition that will scarcely be remedied when we shall have a small employers' government and when this government shall employ a large part of the nation's workers, according to the Lloyd George program.

There are signs that the sovereignty of the small capitalists will not last many years, for reasons I shall mention in a moment. Next the non-capitalists, but not all non-capitalists, will come to power. For one may possess privileges without possessing capital, and the privileged non-capitalists will first hold the balance of power between the small capitalists and the non-privileged masses. How long this rule is likely to last we can hardly even estimate at this distance of perhaps a quarter century. It may last some time, for it will be solidly based on the interests of a majority of the population. And, finally, new means are already developing by which the minority may make itself recognized and, aided by the superior advantages of the society just mentioned, may be able at last to bring about an industrial democracy.

I am concerned with the revolutions and programs of the three movements that represent these three groups, to which I shall henceforth refer—for the purposes of abbreviation—as the small capitalists, the aristocracy of labor, and the laboring masses.

I regard Socialism as the probable outcome of the progress of the next quarter century. But I differ completely with the leading official spokesmen of Socialism as to its probable means of attainment, for I contend that two social stages must intervene. Far from looking forward to intervening stages of radical and even revolutionary social advance, between us and Socialism, not one of them, to my knowledge, recognizes any intervening revolutionary changes at all. The present social order, under the domination of large capital, is expected to continue until Socialism arrives, or if any revolutionary change takes place, it is to develop almost immediately into a Socialist revolution. Marx held to the view that as soon as industry became highly organized and monopolies developed, the small capitalists would be forced to act with the laboring masses to socialize industry and introduce Socialism. But already at least one stage, that of private monopolies, has intervened.

Two of the three stages of social struggle that I shall examine are already recognized, but only the first stage, the struggle against the large capitalists, is recognized by non-Socialist progressives, and only the second, the struggle against the domination of society by the small capitalists, is recognized by the Socialists. That there could be a third stage of social struggle due to a fundamental and lasting division within the ranks of labor itself, and that the masses of wage-earners would have to struggle against the privileged wage-earners even after capitalism is abolished, seems scarcely to have entered most Socialists' minds.

The most fundamental of the *conscious* doctrines of Socialism, the Materialist Interpretation of History and the Class Struggle have been freely criticized and interpreted by the Socialists themselves. But underlying

these, and far more deeply rooted, is the great unconscious dogma of the Solidarity of Labor.

The real fruits of a victory of the labor organizations, according to Marx, lie not in immediate results, but in "the ever-expanding union of the workers," and he plainly meant all the wage-earning class. Marx clearly recognized the existence of an "aristocracy of labor," but he expected it gradually to become united with the rest of the working-class. On the contrary we find that those workingmen who are satisfied or who expect favors from the ruling class, like our railway trainmen, are becoming more and more separated from the masses, and we can be certain that the conflict between the two groups will become more and more acute as the "aristocracy of labor," taking advantage of its superior strategic position in politics (as it occupies the center of the social scale), gradually becomes a part of the ruling class. We shall then have neither the "solidarity of labor" nor any movement in that direction even, at least not before we have the solidarity of all classes, or a tendency in this last-named direction.

Socialists will sooner or later be forced to decide whether they are going to aim at the solidarity of labor or at the solidarity of the exploited. As Liebknecht long ago pointed out, the important question to Socialists is really whether a man is a Socialist and not whether he is a workingman. But, unfortunately, the Socialists have had a loose way of referring to the exploited class—which is the rock upon which Socialism is to be built—as the "working-class" or "labor." Nor is this an accident, for the manual wage-earners have unquestionably occupied a privileged place both in the Socialist theory and in the Socialist movement. Liebknecht also uses the expression, working-class, but then he defines it very broadly, as consisting of "every one who does not live on

the labor of another" and again as being composed of "all those who live exclusively or *principally* by means of their own labor, and who do not grow rich from the work of others."

By "the solidarity of labor" then one Socialist means one thing, while another means another. Liebknecht meant "the solidarity of the exploited" and *included* very large groups besides wage-earners. It is now increasingly evident also that a very large group of wage-earners will have to be *excluded*. For skilled workers, and many groups of government employees and public service employees are becoming every year more and more separated from the mass of wage-earners, and more and more closely affiliated with the progressive capitalistic movement.

Yet, whatever their errors, the Socialists have given us not only an ultimate goal that is probably now accepted by the majority of the people, as well as a *beginning* of a sound understanding of the relations between the various parts of society, but they have laid a sound foundation for a popular understanding of the law of progress in present society, or the process by which control passes from one to another group. This is well expressed by Bebel in his "Woman": "The ruling class can increase its power and its possessions only by letting a part of its achievements fall to the share of the class that it oppresses and exploits and thereby it heightens the ability and understanding of that class. And so it furnishes the weapons that shall achieve its own destruction."



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PROGRESSIVISM—AND AFTER



## CHAPTER I

### THE NEXT STEP—"PARTIAL COLLECTIVISM"

WE are witnessing the beginning of the greatest revolution of history. For the first time the small property owners are using the government effectively against the large. The temporary victories of the democracies of the cities of ancient times or of the middle ages were always followed by crushing defeats. But now the final overthrow of plutocracy is impending. Great Britain, France, Australia, the United States and all countries with democratic forms of government are at last establishing, on the solid foundation of modern industrial development, a social system towards which all the social ideals, social philosophy, and sacrifice of a thousand years had hardly advanced us a step. For despite their democratic political forms, even the most advanced countries of the world were, until quite recently, almost as completely in the grasp of plutocracy as the ancient and mediæval cities or the monarchies and republics of the eighteenth century.

This change began to reach its present stage, indeed, only a few years ago. It was only in 1910 that the Australian Labor Party came into power and it was in the same year that the British Budget for the first time

embodied the radical social reform and taxation principles of Ministers Winston Churchill and Lloyd George. It was only about this time also that the movement towards political democracy began to gain its present irresistible headway in a number of American States—with the rapid adoption in one state after another of direct primary elections, of direct legislation and the recall of officials, and of the present amendments to the national constitution requiring the direct election of senators and legalizing the income tax.

Before three legislative years have passed, these measures—so lately considered as ultra-radical and doubtful of success—are largely enacted into law. Already the remaining steps needed to convert the government into a complete political democracy are being prepared and few can now doubt their early enactment.

In the meanwhile the present approach to majority rule has already led to significant changes in this and other countries. Collectivism—which had been making comparatively little progress for generations—began at once to take great strides. The very *demand* for more political democracy in this country, even before any governmental changes had been effected, brought governmental savings banks and parcels post. Soon these collectivist advances were followed by official proposals for the national operation of telegraphs and of Alaskan railways. And now we have a growing movement, endorsed by leading statesmen of all parties, for a governmentally operated steamship line from Alaska along the Pacific Coast through the Panama Canal to the Atlantic Coast. All this together with the recent discussion of government ownership of railways in Congress points to the early nationalization of this vast body of capital. And at the same time the new currency law brings us halfway to the governmental control of banks.

The government has not hesitated to give an appointed board a partial control over the money and credit of the country. It has initiated a valuation of the railways for the purposes of limiting, through a government board, the prices the railways are to charge and the profits they are to make. Now banking and transportation involve more capital than all the industrial "trusts" together, and we cannot doubt that the same kind of control will be extended over these also within a very few years, as already advocated by the Progressive Party.

Extensions of the economic functions of the American government are taking a thousand other forms. The present government—which aims to maintain competition as long as it is able, in certain restricted fields—has yet enacted a heavily graduated income tax and the Party in power proposes to enter more largely than ever into vast projects of governmental irrigation, governmental reclamation, governmental water-ways and roads, and governmentally developed water power.

While in 1910 and 1911, then, the chief progress towards democratic collectivism was in Great Britain and Australia, in 1912 the centre of the world-wide struggle has undoubtedly shifted to a country the destiny of which is still more important for the economic future of humanity, the United States. The Liberal Party in England has no such a united majority at its back as it had in 1910, while Australia has passed for the moment, and by a narrow majority, into the hands of the conservatives. In the meanwhile the progressives have captured two of the three parties of the United States and hold the whip hand in the third. The great change is just beginning to show itself nationally, but when we see what has already been done in the various states where progressivism controls we can have no slightest question as to what the near future holds in store,

The demand for certain *social* reforms is largely responsible for the *political* changes impending or already enacted, and as fast as these political reforms are effected they will be put to use as weapons against the plutocracy—and the social reforms will follow. So the new state constitutions and easier methods of constitutional amendment are due largely to the demand for more democracy as a means of obtaining municipal ownership, the single tax in cities, or labor legislation—while the recall of judges and of judicial decisions, which also hit at the very root of our constitutions, have a similar origin.

Woman suffrage, too, is advancing as rapidly as it is chiefly because it furthers certain social reforms—radical legislation for children and public schools, for working women and indigent mothers, and for lowering the cost and improving the standards of living. Great vested interests, like the liquor interests, are being forced by women voters to enormous financial losses.

But the evolution of the present progressive movement to a more and more radical position in this country has not ceased. For measures are being prepared more radical than any yet enacted, and by the same forces that have recently been so successful. Party platforms, which may now be taken quite seriously, already promise, in certain instances, still other groups of radical reforms—especially in the shape of labor legislation, which I shall discuss in a later chapter (Chapter III).

A party platform, however, even if sincere and in the hands of an administration that sincerely intends to enforce it, is not the best guide to the political probabilities of the immediate future. Though a political program may be quite honest and radical in its general declarations, its specific recommendations do not consist in the various radical positions of the groups that compose the

party, but in a minimum of measures upon which all groups can agree. The chief spokesman of the party is not so bound. A platform is promulgated at a given moment. The leader may be able, by seizing his occasions, to get *all* of the radical ideas of the party before the people, and to do it in such a way that every time more votes are gained than are lost. If we wish to discover the real intentions of the various parties, then, we must look rather to the speeches and writings of their leaders, such as Wilson and Roosevelt, than to their formal platforms.

Roosevelt, for example, favors graduated taxes, not as the Progressive platform does, merely as "a means of equalizing the obligations of holders of property to government" but as a means to "control the distribution of wealth." And he endorses the principle that part of the increment in land values which is due *wholly* to the community should go to the community, as we may see from his Confession of Faith:

"Moreover, it would be well in Alaska to try a system of land taxation which will remove all the burdens from those who actually use the land, whether for building or for agricultural purposes, and will operate against any man who holds the land for speculation or derives an income from it based, not on his own exertions, but on the increase in value due to activities not his own." <sup>1</sup>

Roosevelt classed this revolutionary policy as one which Progressives had definitely decided would "work well" at the present time, though on the sole condition of some "preliminary experiment," such as might be had in Alaska. This is not as yet a proposal to nationalize the social (or unearned) increment, since the actual user of the land, because he mingles with this social increment an increment of his own, is not to be taxed. But it has



proved a comparatively easy matter in Great Britain, Germany, and other countries—and in some American States—to separate the value of individual improvements from the unearned or social increment, so that Roosevelt's proposal is, in reality, a radical step in the direction of the complete nationalization (or municipalization) of ground rent.

And, finally, Roosevelt not only wants prices and wages of monopolies to be fixed by the government, but he wishes also to give the workers some direct interest in industry through governmental means: "Ultimately we desire to use the government to aid, as far as can safely be done, the industrial tool users to become in part industrial tool owners, just as our farmers now are."

Wilson's declarations are almost as radical. It is true that there seems to be a wide difference between the policies of the two men and the political groups they represent, but it is far less than appears. It is also true that Roosevelt and Wilson have both made some very conservative statements of late, but these are by no means fundamental. It can easily be shown that both are moving in the same direction, that the conservative scruples of each are in all probability only temporary, and that if either should cease to move forward, it would only be to lose the larger part of his following to the other.

The radical character of both policies is well brought out in Wilson's statement with regard to the Socialist vote and Roosevelt's parallel statement with regard to the Socialist program. Wilson was told by a Socialist mayor that the vote by which this mayor was elected was "about twenty per cent Socialistic and eighty per cent protest."<sup>2</sup> Wilson proposes to bid for this eighty per cent of the Socialist *vote*, which he supposes (whether rightly or wrongly) to be a protest against trust government, and he is apparently ready to go in for a regular

class attack against "plutocracy" in order to get this vote. Roosevelt, on the other hand, is reliably reported to have said that he was ready to take up eighty per cent of the Socialist *program*. His method is not to make a class attack even against "plutocracy," but to take up certain social reforms that have been endorsed by Socialists, and are at the same time thoroughly to the interest of the small property owner.

However it is not only certain that both these policies can be worked together, but it is almost inevitable that the two tendencies upon which they are based, the collectivist and the anti-plutocratic tendencies, will gradually be combined into a single movement.

It now appears from the position taken by Roosevelt since the formation of the Progressive Party, and from the attitude assumed by Wilson since his election, that the voters of both parties are headed in the same general direction and that the force of circumstances is bound to bring the Democratic progressives and Republican progressives together, even if the leaders should change their present course and decide to stay apart. Exactly how this united progressive movement comes about, whether through the gradual absorption of one group by the other, or through the amalgamation of the two groups, is of secondary importance. All the progressives are headed towards that State Capitalism, that partnership of capital and government which is loosely called "State Socialism," and the aim of which is *the organization of capital and labor by government—primarily for the benefit of the majority of the owners of capital, i. e., of the small capitalists.*

Wilson's actual position and political philosophy are at present far more representative of the political class struggle of small capitalist democracy against large capitalist plutocracy than is Roosevelt's, but Roosevelt's eco-

conomic program is at present much farther advanced on the road to that collectivism which is now the small capitalist's economic goal. The public regards Roosevelt as being already on the road to "State Socialism," and the public is right. Undoubtedly he is still very largely an opportunist, just as Wilson is, but, as both tie themselves up to the new policies and these policies become more and more popular, they are constantly becoming more and more thorough "State Socialists." As a matter of fact, however advanced his program may be, Roosevelt himself is no further on the road to the small capitalist's collectivism than Wilson is. For the *execution* of the State Capitalist program requires two closely related policies, a constant increase in the power and functions of government on the one hand (the collectivist tendency), and on the other hand a class struggle between the small capitalists and the large, so that the former, by the use of their superior numbers in politics, will be able to overcome the greatly superior economic power of the large capitalists and force the latter to that surrender of their political power (though not of their property rights) which is necessary if the government is to represent "the whole system of business" and is to continue to extend its industrial functions, including labor legislation, for the benefit of capital in general (the anti-plutocratic tendency).

Roosevelt is far on the road to a collectivist program, but this program has no chance of being accepted by the small capitalists until he makes up his mind to emulate Wilson and to enter into a definite class struggle against the special interests. And conditions are forcing him more and more into this fight.

On the other hand, Wilson, with such supporters as Bryan and Brandeis, is very far on the road to a declaration of war of small against large business, which we

can see very clearly in banking and railroad matters. He still hesitates to accept the collectivist program—which is the only effective remedy for plutocracy—on the main question of government control of the trusts. But just as Roosevelt, in spite of himself, is being drawn into conflict with the trust magnates ("good" as well as "bad"), so Wilson, in spite of himself, is being drawn towards the program of government control. He calls this the "regulation of competition," to be sure, and not "the regulation of monopoly," since he is unwilling to recognize the legal existence of monopolies, but the difference, as I shall show, is not as great as it appears. And in the meanwhile he is leaving the door wide open, so that he may consistently move further in the collectivist direction. Conditions, once more, are forcing Roosevelt and Wilson, or rather their small capitalist followers, to an identical policy and an identical program, and even if one or both should attempt to stem the tide it could only result in some other popular leaders taking their place.

Wilson says he *opposes* a partnership between government and business. Yet under his policy he says he hopes that "all friction between business and politics will disappear." If this does not imply an open partnership, it is at least "a gentleman's agreement." And obviously such a cordial relation between business and politics requires a considerable degree of harmony in the business world, a need which Wilson expresses in his determination to control special interests, but only by assigning them "a proper place in the whole system of business." Wilson, in a word, advocates that form of government which represents the "whole system of business."

Business, large and small, the President regards as one system in which there are to be no private monopolies, while the large interests which are not monop-

olies are also to be held in their proper place. And that place is to be determined by government and politics. In an address delivered in December, 1910, he defined business as the "economic service of society for private property," which is about all the justification business, whether large or small, ever required or could require. But he immediately proceeded to define politics as "the accommodation of all social forces, the forces of business, of course, included, to the common interest." Business is to be controlled, but the control is to be directed exclusively against the "special" interests, and this control, being for the good of "the whole system of business," is obviously intended for the benefit of that part of the system which does not fall into the reprobated class of "special interests," that is, for the benefit of the small producers, traders, and investors, in a word, the small capitalists.

As the representative of the interests of "the whole system of business," Wilson puts government above business and is very far from being a mere individualist. While he is not yet wholly a State Capitalist, he represents the *transition* of Capitalism from the individualistic policy that still attempts to restore competition to the State Capitalist or collectivist policy that uses the government for the business purposes of the small capitalists, who are the majority among property owners. There are already many instances in which, as to practical matters, he either advocates the policies of State Capitalism, or takes pains to leave the door open for the subsequent adoption of these policies, while his general declarations of principle have already gone far in the State Socialist direction, and his speeches and messages to Congress already contain as much of State Capitalism as they do of Individualism.

Wilson realizes thoroughly that the present many-sided



and radical proposals of social and economic reform are but the small beginning of what is to come in the way of governmental activities as to industry and labor: "We are just upon the threshold of a time when the systematic life of this country will be *sustained*, or at least supplemented, *at every point* by governmental activity." (My italics.) He believes that "every one of the great schemes of social uplift which are now so much debated" are based upon "justice" and thoroughly realizes that we have before us a "great program of governmental assistance in the co-operative life of the nation." His only scruple as to this program is not one of criticism at all, but merely of delay until "the whole system of business"—which means the small capitalists—gains control of the government. "We dare not enter upon that program until we have freed the government." The government is to be freed from the domination of Big Business and is to be placed in the hands of "the whole system of business," i. e., the small capitalist majority.

Already the government is rapidly being "freed." When, to the tariff law and the currency law is added a law giving a legislative, if not an administrative, commission a steadily increasing control over the trusts, under the direction of certain definite principles of price-control already accepted by all progressives, then indeed the government will be free to enter upon Wilson's "great program of governmental assistance in the co-operative life of the nation," until "the systematic life of this country will be sustained at every point by governmental activity." And it may not be more than a year or two before the Inter-State Trade Commission is at work.

We must remember that the main point in this collectivistic program, industrial commission control over large corporations *under the principles laid down*

by Congress, is favored by many of Wilson's leading supporters, and that Wilson himself has made many statements which prove that he is perfectly ready to regulate Big Business, provided monopoly is not legalized or recognized, and provided the government has become powerful enough effectively to carry out this regulation. He says he is willing that the big corporations "should beat any competitor by fair means." He claims also that "by setting the little men of America free you are not damaging the giants," and that he merely wishes to restore competition *in so far as it is natural*. This he made clear on a highly important occasion, his first keynote speech after his nomination (that of August 7th): "I am not one of those who think that competition can be established by law against the drift of a world-wide economic tendency; neither am I one of those who believe that business done upon a great scale by a single organization—call it corporation, or what you will—is necessarily dangerous to the liberties, even the economic liberties, of a great people like our own, full of intelligence and of indomitable energy. I am not afraid of anything that is normal. . . . Power in the hands of great business men does not make me apprehensive, unless it springs out of advantages which they have not created for themselves. . . . While competition cannot be created by statutory enactment, it can in large measure be revived by changing the laws and forbidding the practices that killed it, and by enacting laws that will give it heart and occasion again. We can arrest and prevent monopoly."

In order to understand Wilson's exact position we must see just to what *degree* he expects to restore competition, whether he really expects materially to diminish the proportion of the nation's business done by the big corporations, or only to lower the trusts' prices to the



competitive level, without materially diminishing the proportion of the nation's business now in their hands. In his speech of February 20th, 1913, explaining the new anti-trust law of New Jersey called "The Seven Sisters," he pointed out that these laws prevented only such agreements as "directly or indirectly preclude free and unrestricted competition," that they prohibited "the acquisition of stocks and bonds of other corporations," but that the law still permitted "any corporation to purchase any property, real and personal, necessary for its business." That is, Wilson expects to destroy "trusts" like the Standard Oil Company, but not corporations like the Steel Corporation, unless they follow policies he disapproves. He intends to abolish holding companies like that of the Southern Pacific. But this speech shows that he knows he cannot prevent the *direct purchase* of the property of one corporation by the owners of another. The suggestion thrown out in his trust message of January 20th, 1914, that individuals or groups might be prevented from controlling competing corporations through ownership, if acted upon, would inevitably lead to an irresistible demand for government purchase *on the part of the owners themselves*.

Indeed, Wilson himself states that although Big Business as distinct from monopoly cannot *yet* be controlled, it is for the extremely significant and incontrovertible reason that if control is attempted Big Business "must capture the government in order not to be restrained too much by it." In other words, he refuses to allow the government to enter into the final struggle with Big Business *at present* only because he fears that the government would be captured by the enemy. And it is for the same reason, no doubt, that he still says, as against Roosevelt: "I do not want any man in America to fix prices and to fix wages; I want them to fix themselves."

Wilson is vigorously attacking the men he calls "the masters of the government of the United States," who he is perfectly aware consist of those in control of big corporations generally, and not merely of those in control of "trusts, holding companies, or concerns which are based exclusively or even chiefly on agreements to restrict competition." So that the fight which he has started is already a real fight, as I have shown, and not a mere project like that of the Progressive program, which gives no standard of price regulation, attacks no interest, and proposes the purely formal inauguration of a public board without specific instructions of any kind. Wilson's policy, on the contrary, is bound to go on from an attack on "monopolies" to an attack on Big Business, which he knows can be reached only by the Inter-State Trade Commission or by government ownership. As soon as he feels the government is strong enough he will provide the commission with a definite anti-plutocratic policy on which to work. Already, under the guise of "regulating competition," he has laid down certain principles which will guide this commission in the regulation of prices, namely, that retailers shall not be controlled, and that prices shall be the same in different localities, allowing only for the cost of transportation. His "Seven Sisters" bill, in which he incorporated these principles while Governor of New Jersey, thus means a real fight not only against monopolies, but against *all* Big Business, *because there is some element of monopoly in them all.*

Wilson's "regulation of competition" idea *contains a really effective policy for the commission to begin its work with*, which is a far better method than that of the Progressive platform, to appoint the commission first and to leave the price policy for a later and entirely unsettled treatment. Wilson knows that this plan will

immensely cut down the value and earning capacity of the large corporations, that is, that it will bring on what we may well call "a fight for blood." Senator La Follette claims that they will lose several billion dollars by such an attack. It will be a complete reversal of the Roosevelt policy, as declared in his message of January 31, 1908: "When once inflated capitalization has gone upon the market and has become fixed in value its existence must be recognized. . . . The usual result of such inflation is therefore to impose upon the public *an unnecessary but everlasting tax.*" (My italics.)

In so far as the big corporations represent efficiency and economy, as well as special privilege, they will remain in existence even after their profits are thus cut down, but in so far as they represent nothing more than special financial control of the market, they will either be destroyed or get themselves bought out at a high price by the government. Wilson accuses the Steel Trust of having an imperfect organization, of having too much debt, and of having bought up inefficient plants. Another lasting effect, then, of his policy will be, not to destroy the more solid of the big corporations, but to force them *to become more efficient* and so still more formidable to would-be competitors and to carry them still faster along the road to monopoly. But, under the Wilson plan, they will nevertheless be at the mercy of the government as to finance, prices, and their whole business policy. If at that time Wilson still holds that private monopoly is intolerable and cannot be regulated, then he will be forced to a public monopoly, and government ownership and operation—which, Brandeis points out, is the only alternative.

We can rest assured, then, that "the regulation of monopoly" will be all the more necessary from the small capitalist standpoint after "the regulation of competi-

tion" will have reached the natural limits I have mentioned. Not only will Wilson be forced to follow along the lines indicated, but government ownership itself will be more and more frequently advocated, as it already has been in the case of telegraphs and telephones. Already Bryan has favored government ownership of railways from time to time, and the railroads have nearly a third of the industrial capital of the country. Ex-Governor Foss, Senators Martine, Thomas, and Lane, Brandeis and other prominent Democrats have also suggested it. And now railroad presidents are crying it out from the house-tops—as a horrible but highly probable contingency, which they would clearly prefer, however, to having their profits interfered with. Moreover, the physical valuation of railroads which is now going on, if it is used as the basis for fixing railway rates and wages, will reduce their earning power along the same lines as Wilson proposes to follow against the trusts, and may even bring the railroads themselves to favor nationalization, at a good price, before their values fall any further, which is the plan they have frequently followed abroad. As B. L. Winchell, Chairman of the Frisco System, says: "No government in acquiring railroads has ever paid an improperly low price for them"—and he speaks, of course, from the standpoint of the railways. No doubt the price paid will be high enough to prevent any considerable reduction of rates, increase of wages, etc., for many years.

It will not do to call "small capitalists" those individuals and corporations who are vainly trying to secure legislation to enable them to compete with the largest corporations—which they call "regulating competition," since to-day these capitalists represent millions of dollars in nearly every instance. They are *the middle group* among the capitalists, mere millionaires as a rule (against



the multi-millionaires). The Democratic progressives, like the Progressive Party and the Republican progressives, will be forced more and more to rely, not upon this middle group, which no legislation can materially aid, but upon the really small capitalists, such as the farmers, whose interests will be far more effectively served by the regulation of monopoly through the Interstate Trade Commission or by government ownership than by the mere regulation of competition. And these really small capitalists, farmers, retailers, etc., when in complete control, will make a far more radically anti-plutocratic progressive movement in Republican and Democratic and Progressive Parties than do the would-be "restorers" of competition who control these parties to-day.

In facing the currency question, Wilson was squarely confronted by the real issue: private control vs. public control of industry, competition vs. collectivism. Because the American system of credit is concentrated, he said, when Governor of New Jersey, "the growth of the nation, therefore, and all its activities are in the hands of a few men." The inference is that those who control credit control the country. Evidently then democracy requires an exclusively governmental control—and not a governmental control of currency accompanied by the control of credit by the smaller bankers, as in the Wilson measure. Wilson's speech, then—and not his currency reform—represents those elements of public opinion that are now determining elections. The demand of the small capitalists and middle classes, who are coming to govern the country, is not that the government should intervene, and, after having taken the industrial power of the few very large capitalists into its own hands, should then deliberately give a part of it (the control of the Sectional Reserve Associations) to an-

other group of somewhat more numerous and less wealthy capitalists, but that the government should keep this power and use it for the "public" good—which means primarily the good of the small capitalists and middle classes—at least, as long as they continue to control the government.

Now let us see how Roosevelt and the Progressive Party fall in with the Wilson policy. Roosevelt's recommendation of an Inter-State Industrial Commission, with power of "drastic supervision, if necessary," is best expressed in his *Century* article. This commission is to have power "not only to enforce publicity, but to secure justice and fair treatment to investors, wage-workers, business rivals, consumers, and the general public alike."

"We believe that the business world must change from a competitive to a co-operative basis. We absolutely repudiate the theory that any good whatever can come from confining ourselves solely to the effort to reproduce the dead-and-gone conditions of sixty years ago—conditions of uncontrolled competition between competitors, most of whom were small and weak." <sup>3</sup>

The only possible meaning of freedom of competition, Roosevelt points out, would be "freedom for unscrupulous exploiters of the public and of labor to continue unchecked in a career of cut-throat commercialism, wringing their profits out of the laborers whom they oppress and the business rivals and the public whom they outwit."

And yet, while Roosevelt does not wish, in many cases, to restore competition, he strongly favors the fortunes of would-be competitors of the large corporations, as against the fortunes of those who control them. He discriminates in the above article and elsewhere only against "the *very* rich." (My italics.) When he speaks of very heavy taxes against great inheritances he proceeds to



point out that he means inheritances "of colossal size," and when he recommends "a heavily graded income tax, along the same lines," he takes a double precaution, both repeating his exemption of the merely rich and pointing out that he is "discriminating sharply in favor of earned, as compared with unearned, incomes."

Moreover investors are to be guaranteed a "reasonable reward," which he defines as "a reward sufficient to make them desirous to continue in this type of investment." *That is, he holds the prevailing, the customary, rate of profits to be reasonable.* Roosevelt goes farther and bases the prosperity of all the community on that of the business man. That is, the capitalists must not only be fully protected, but they must be protected before any other class: "It is an absolute necessity that the investors, the owners, of an honest, useful, and decently managed concern should have reasonable profit. It is impossible to run business unless this is done. Unless the business man prospers, there will be no prosperity for the rest of the community to share."

There is certainly very little difference between this and Wilson's declared intention to make the increase of small capitalists, such as he had known in small towns in Indiana, the aim of his policy. Wilson will not guarantee the customary profits. He proposes on the contrary to knock the water out of the trusts, which means to force rates and prices down by one means or another. He proposes the restoration of competition where possible, but seems to favor government ownership in the case of telegraphs, and certainly stands for a rigid governmental control of banks and railways. But he will hear nothing of taxation graduated to the point of redistributing wealth—even that of the very rich. Roosevelt on the other hand favors "a more general division of well-being" by the method of graduated taxation, but

will protect the prevailing rate of profits. Wilson would attack cautiously the high profits of the controlling owners of railroads, trusts, and banks. Roosevelt would have a governmental control largely for the purpose of guaranteeing and protecting the present rate of profit, but he would attack cautiously those among the *very* rich who, he considers, do not *earn* their incomes. The former is the more immediately valuable, the latter ultimately the more important, policy.

With such powerful political supporters, who differ only as to methods, there can be no further doubt that the anti-plutocratic movement towards an efficient government control or government ownership of the trusts and railroads will prove irresistible, or that, along with it, all the other radical reform policies now under discussion will go into effect—especially vast governmental expenditures for the improvement of the productive efficiency of that greatest of all capitalistic resources, the laborer.

## CHAPTER II

### THE APPROACHING REVOLUTION—TO STATE CAPITALISM

WHAT, now, are the underlying principles of the new progressivism? When it is fully worked out and put into effect, where will it have carried us?

To Roosevelt progressivism means first of all "social reorganization," to Wilson it means "the reconstruction of economic society," while to Winston Churchill, who represents a somewhat similar position in Great Britain, it means "a more scientific social organization." Both Wilson and Roosevelt speak of the pending change as a revolution. And if we look a little more closely we see that Wilson is right, that what is being revolutionized is industry rather than society generally (though it is true that society is being revolutionized together with industry); and we see also that the means to be used are almost exclusively governmental. "Government and industry," as Roosevelt says, "are the two chief functions of our social organism." So without doing any violence to the broad and perfectly correct generalizations just quoted, we may supplement them and make them more definite by saying that the new movement aims primarily at *the more scientific organization or reorganization of industry by government.*

In a recent article Roosevelt has rightly termed this policy, "partial collectivism":

"The growth in the complexity of community life means the partial substitution of collectivism for indi-

vidualism, not to destroy, but to save, individualism.”<sup>1</sup> The individualism Roosevelt hopes to preserve is the system of commercial or industrial competition by private capital. But he sees that this system can only be partially preserved, and that even this can be done only by ceding a large part of the field to collectivism.

Positively, collectivism means the extension of the economic functions of the government. Negatively, it means the subordination or suppression of private property by the government—in the interest, always, of those who control the government though, of course, they always claim to act in the name of society as a whole. In this sense President Wilson is as thoroughly a collectivist as ex-President Roosevelt. So also are some members of his Cabinet, as we may see from the declaration of the Secretary of Labor, W. B. Wilson, concerning certain employers:

“They say their property is their own: that they have the right to do with it as they please. Maybe they have, but those who take that position have a false conception of the titles to property. Law has created those titles, not primarily for the welfare of the man to whom it conveys it, but for the welfare of the community. Society has conceived, whether rightfully or wrongfully, that the best method of promoting the welfare of society is to convey titles to individuals in real estate and personal effects. It does it, however, not for the welfare of the individual, but for the welfare of the great mass of the people.

“If any individual or corporation takes the ground that the property is his own, that he has the right to do with it as he pleases, and fails to take into consideration the fact that the title has only been conveyed to him as a trustee for the welfare of society, then he is creating a condition that will cause society to modify or change these titles to property, as it has a perfect right to when-

ever in its judgment it deems it for the welfare of society to do it.”<sup>2</sup>

This is negative collectivism. Yet as soon as the government acts negatively and interferes with industry it must act positively and assume some industrial function.

In laying out their programs, Roosevelt, Winston Churchill, Lloyd George, and others have showed in the most concrete and definite way just what the first measures and policies are by means of which industry is to be reorganized. But the fundamental principles that underlie the whole structure they have not yet formulated—which is not surprising, since the movement in Great Britain and America really began only about 1910—as I have pointed out. For these fundamental principles let us turn to Germany, where the government long ago (under Bismarck) took certain steps which are recognized by the German and British leaders to have been in the same general direction in which they are now going, namely, the inauguration of government ownership of railways and of government insurance of workmen. Though progress in Germany was then, and is still, limited by an antiquated form of government, and it is Great Britain and America and not Germany that must lead in the new movement, these latter countries up to the present moment have scarcely caught up with Germany in the progress made towards a governmental organization of industry on a scientific plan. And while the progress of Germany is at present much slower than ours, owing to its semi-absolute government, its clericalism, landlordism, and militarism, still German statesmen and publicists, stimulated by these early reforms, have given more time and thought than those of any other country to the possibilities that lie in “partial collectivism.”



Perhaps the most able German formulation of this form of collectivism is that of the world-renowned economist Adolf Wagner—which dates from 1887. The chief points of his program, which is that of a large part of Germany's educated classes, are these<sup>3</sup>:

1. *A better organization of industry.* This is precisely the Roosevelt and Churchill idea. Industry must be assured "an orderly course." Already the growth of large corporations and banks has automatically introduced a good deal of order into privately owned industry, especially in America. This organization has now only to be further controlled and directed by government.

2. *A larger part of rent, interest, and profits to be diverted into public channels.* The nationalization (or municipalization) of capital—at least to a large degree. This process to be extended not only to monopolies, but to those large corporations that tend towards monopoly. As illustrations, Wagner takes the means of transportation, the banking and insurance systems, and municipal lighting and markets. But the same principles would lead him much further in view of the growth of large corporations (even aside from outright monopolies) since 1887.

3. *Taxation to make wealth and income somewhat less unequal.* The taxes so raised to be expended exclusively upon the poorer and weaker classes.

4. *Public expenditures which especially benefit the rich or well-to-do to be paid for largely by special taxes levied against these classes, or by specially high charges for the public services they utilize.*

5. *An entire reversal of the older attitude of the government to labor*—which I shall discuss in the following chapter.

For the most part this is simply a more conscious and complete formulation of the principles of the leaders of



the new progressive movement, and where it does pass beyond them it is only to adopt a principle to which the logic of their position and the logic of events must inevitably lead them—and without delay.

Already Roosevelt has favored the nationalization of Alaskan railways, as *an experiment*, while Churchill has definitely declared for railway nationalization when the time is ripe. After this the nationalization of mines and forests and oil wells, for which there are already foreign examples, will be relatively easy, and the process will scarcely stop until, as Wagner desires, all large corporations are either publicly operated or so thoroughly controlled, as the banks are already beginning to be, that private operation becomes rather a name than a reality. And to this same group of the government's industrial activities are to be added all those new enterprises, like the large-scale building of canals and roads, irrigation, reclamation, and re-forestation, where there is often no previously existing private corporation to be absorbed. Churchill expresses this part of the program even more broadly than Wagner: "The whole tendency of civilization," he points out, "is towards the multiplication of the collective functions of society."

Already graduated taxes are in force in all advanced countries, and they are being made higher every year. In Great Britain and Australasia they have been coupled largely with social reforms for the benefit of the poorer classes, while both Churchill and Roosevelt advocate them as a means also to secure a fairer distribution of wealth and income.

A related form of taxation, the tax on ground-values of land, lies in principle between nationalization and direct taxes on wealth or income. Already the British government is taking a fourth of the future rise of ground values in cities and Churchill predicts that in the

immediate future the government will take all of this immense fund of wealth.

And these enormous new governmental revenues are to be expended for the benefit of labor, at least to the extent that such expenditures may be expected to be repaid to "society" through an increase of greater industrial efficiency and output (see Chapter III).

The benefit of some of these reforms may, indeed, be said to go to "society as a whole." But this phrase must not be misunderstood. "Society as a whole" means society as it is, with the sole exception of the monopolists and very wealthy. In so far as society as a whole, or industry as a whole (which Wilson calls "the whole system of business"), secures the chief good of any reform, this obviously means the division of its benefits among the various parts of society, *in the same proportions as wealth and income now distribute themselves*—with the one exception which has just been mentioned. The supposed exception of labor, which is said to secure special benefits, will be dealt with in the next chapter.

Let us examine then what is secured by each social group under this policy of reform for the benefit of "society as a whole." I have quoted President Wilson's remark that he is serving "the whole system of business." Whatever *incidental* advantages his policy may bring to other social groups it certainly means that he is serving, primarily, not society as a whole, but the business class as a whole.

Similarly the German cities, where identical principles are being applied, are obviously governed according to the business interests, since the electoral laws explicitly give these business interests control. A prominent advocate of social reform, Frederick C. Howe, points out that the "bankers, merchants, real-estate speculators, and professional men," to whom the government

of the German cities is assigned, regard the additional burdens of taxation these reforms impose "as a kind of investment from which dividends will be realized in the future." <sup>4</sup>

"They say that those cities increase in population and trade that spend most generously for these things [efforts to beautify the city]. Nor is there any protest against heavy taxes for education, recreation and social purposes. For it is generally recognized that industry seeks those cities that do the most to encourage trade, that stimulate commerce by opening up industrial areas, that build docks and harbors and provide cheap factory sites. Employers are attracted by educational opportunities which produce skilled workmen and a happy and contented population. [Howe might have added that skilled workmen are attracted by such opportunities for their children, and will submit to somewhat less pay or longer hours in order to get them—which fact is fully appreciated by employers.]

"Persons of leisure choose their homes for the same reason, while travellers seek out the cities that make the most adequate provision for education, art, music, and beauty." And Howe concludes: "All these things bring money to the town. They promote business. They increase land values." <sup>5</sup>

The new principles as applied either in nations or in municipalities do indeed pay the business interests, as Howe not only asserts but amply demonstrates. The fact that the German business interests have adopted them, just as Bismarck nationalized the railroads and insured the workingmen, under a political system in which the popular parties were powerless, and the added fact that in both cases there was little, if any, pretense at altruism, prove that the whole movement is a business man's movement from first to last.

H. G. Wells in his "New Worlds for Old" also points out that the new policy of having the State do everything that can promote industrial efficiency (which policy he insists on calling Socialism) is to the interest of the business man.

"And does the *honest and capable business man* stand to lose or gain by the coming of such a Socialist government?" he asks. "I submit that on the whole he stands to gain. . . .

"He will pay a large proportion of his rent-rate outgoings to the State and Municipality, and less to the landlord. Ultimately he will pay it all to the State or Municipality, and as a voter help to determine how it shall be spent, and the landlord will become a government stockholder. Practically he will get his rent returned to him in public service.

"He will speedily begin to get better-educated, better-fed, and better-trained workers, so that he will get money value for the higher wages he pays.

"He will get a regular, safe, cheap supply of power and material. He will get cheaper and more efficient internal and external transit.

"He will be under an organized scientific State, which will naturally pursue a vigorous scientific collective policy in support of the national trade.

"The whole tendency of civilization is towards the multiplication of the collective functions of society. There is a pretty steady determination, which I am convinced will become effective in the present Parliament, to intercept *all* future unearned increment."<sup>6</sup>

In the passages quoted Howe, like Wells, touches upon a second underlying motive of the revolution that is now taking place. Not only do local capitalists, employers, and persons of leisure gain from the new municipal reform movement, whose chief aim is to serve them. It also pays these local groups to attract others of their

class, as far as they can, from other cities. The same motive exists in the national reform movement, as Wells suggests. It pays the business interests "to support the national trade, to attract capitalists, employers, persons of leisure as residents, and well-to-do persons as visitors." But this is only one of several forms of competition between cities and nations. The *product* of local or national capital can replace the *product* of foreign capital, even though capital itself cannot be persuaded to immigrate to the locality or the nation, and the leisure class may be persuaded to buy the products of the city or nation even when they do not come to reside in it. Every policy that leads to greater industrial efficiency, every policy that improves or cheapens production, not only directly benefit local or national capital, but inevitably lead to export and so to further business expansion.

Competition between private enterprises at home and other private enterprises abroad we are familiar with. Industrial competition between nations as wholes or cities as wholes, though well-known, is less discussed. Yet in exact proportion as this kind of competition is developed it implies the end of the private competition which has been the fetish of the economists and statesmen of the past. This is why the discussion of "national efficiency" and of the means by which *all the businesses of a nation or a municipality* may alike be made more profitable has only just begun. And already we find Winston Churchill using as one of his chief arguments the necessity of meeting German competition by a national effort to make all British industry more efficient. Not only is the new policy desirable from the business standpoint, in order to bring about industrial expansion, but, in view of inter-municipal and inter-national competition, it is absolutely necessary and inevitable in order to avoid industrial contraction.



The business communities of nations and cities are forced to bid against one another for capital and for the patronage of the leisure class. And by degrees they are being forced to take up every measure that increases the efficiency of business and of labor to a degree sufficient to pay for its cost—even if a relatively long period is required before a favorable balance can be shown. The new governmental expenditures are regarded by the business community as investments, but they are investments from which dividends are to be expected, not immediately, but, as Howe says, in the future. This postponement of returns, which is involved in these new governmental investments to a far greater degree than in most private enterprises, is of momentous importance. For at first the new policies were directed against the owners of private monopolies, whether on a national or municipal scale, and against the very rich (a closely related, and largely identical, class). But this willingness to postpone returns means that still another group of business men is also to be sacrificed for the welfare of the business community as a whole. Those business men who must pay their share of the rapidly rising taxes of the new régime, yet cannot wait for the benefit of the long-postponed returns these taxes will ultimately bring, will not be able to survive.

The individual capitalist is thus being subordinated, for the first time in history, to the interest of the capitalist class. Bernstein remarks that Bismarck had "thrown the landlord ideology overboard in order the more effectively to guard the consolidated land-owning interests."<sup>7</sup> The industrial statesman of the present is throwing overboard the older capitalist theories, according to which the profits of every honest capitalist were inviolable, in order to advance more effectively the general interests of capital.

A great Socialist publicist, Frederick Engels, has well



said: "The modern state, no matter what its form, is essentially a capitalist machine, the state of the capitalists, the ideal personification of the *total* national capital." Engels pointed out that the state was used to prevent the encroachment of "individual capitalists" as well as that of the lower classes. In the name also of the "total national capital," whole capitalist groups that have become dangerous are now being gradually eliminated.

I have spoken of the consolidated capitalist interests, in spite of two large groups that are gradually being sacrificed, the monopolists, including all land speculators, and those competitive interests which cannot stand the growing tax burdens. Considered by numbers these groups do not constitute more than two or three per cent, perhaps, of the capitalist classes. But their wealth is a considerable proportion, perhaps a third, of the total. It will avoid this ambiguity then to speak henceforth of the new policy not as that of capital but as that of the small capitalists.

But what new force is enabling the small capitalists to gain the upper hand when, willingly or unwillingly, they have so long followed the lead of the plutocracy? The answer is two-fold. First, the total capital of the small capitalists, in spite of the recent concentration of wealth, is still far greater than the total capital of the large capitalists. Secondly, it is only through the previous disorganization of the small capitalists that plutocracy has ruled. And, finally, with every step in government ownership or government control the power of the large capital is becoming relatively less.

Emerson, in his Essay on Politics, has ably expressed the law that it is the total of their capital that gives any class the control:

"The law may in a mad freak say that all shall have power except the owners of property; they shall have no

vote. Nevertheless, by a higher law, the property will, year after year, write every statute that respects property. The non-proprietor will be the scribe of the proprietor. What the owners wish to do *the whole power of property* will do, either through the law, or in defiance of it. Of course I speak of all the property, not merely of the great estates. *When the rich are outvoted, as frequently happens, it is the joint treasury of the poor, which exceeds their accumulations.*" (My italics.)

Emerson here touches upon another issue besides the relation between large and small capital, namely the conflict between capitalists generally and non-capitalists. I deal with this question in the following and later chapters. It must be said here, however, that Emerson's law, which is doubtless good for the present transition from private Capitalism to State Capitalism (i. e., from large capitalist to small capitalist control), will soon have to be amended—as soon, that is, as State Capitalism is in the saddle, and the evolution towards State Socialism commences. Property will continue to count—but only because it is a source of *income*. Other incomes will also give their recipients a power corresponding to their magnitude. The Emersonian law may then be: "When the owners of the larger incomes are outvoted it will be the total income of the lower classes that exceeds their total income."

However, the small capitalists are able at last to use their greater economic power *only* because conditions at last permit them to become effectively organized. As the new progressive movement is political, moreover, numbers count in it as well as wealth, and here the small capitalists and related middle-class groups are supreme, not only because they so greatly outnumber the large capitalists, but because their position between the latter and the rest of the population gives them the politi-

cal balance of power. They are an absolutely indispensable part of every movement against the large capitalists, and can therefore dictate the limits to which such a movement can go and secure its chief benefits for themselves. They are equally indispensable to the large capitalists in order to crush revolutionary movements from below, which might damage capitalism generally. This is why statesmen like Winston Churchill or Roosevelt, even when they have no preference for small capitalists at the outset, are being more and more forced to rely primarily upon them, both to ensure present progress against the resistance of reactionaries and to prevent any radical movement from going "too far." So Churchill wants everything possible done to strengthen and to increase the numbers of those middle-classes who "would certainly lose by a general overturn," and in this way would prevent the masses from using superior numbers to gain what he calls "a selfish advantage." And similarly Roosevelt proposes, as soon as possible, to reinforce the already existing social bulwark composed of farmers by making the upper ranks of the workingmen also "tool-owners as well as tool-users."

The large class of small capitalists is not only the backbone of the new movement, but has the most to gain from it. The benefits of the new reforms go chiefly into their pockets. And they are almost totally exempt from its burdens. Small farmers are exempted from a large part of the taxes everywhere, and in Australia, where land taxes are very heavy, their properties are exempt up to \$25,000. Small business men and investors also are either exempt from income and inheritance taxes or pay a very small amount (see below).

This small capitalist class must now be more clearly defined. I have shown that it does *not* include would-be competitors of the largest capitalists, of the "trusts," of

the railways, and of the banks. It is related to these largest capitalists in an entirely different way, namely as buyers, sellers, shippers, investors, or borrowers. The would-be competitors of the trusts, together with corporations of the second magnitude, the moderately wealthy, really compose an intermediate group. As a rule they are not directly attacked by the new movement, and even secure a large share of its benefits, though they pay a still larger share of the cost—which is by no means confined to the taxes already mentioned. This intermediate group includes, for example, those manufacturers, who now want foreign markets at any cost (and hitherto have usually got them), from a reciprocity that sacrifices the small capitalist to war. It includes those manufacturers who want the tariff removed from raw materials and the products of the small farmer so they won't have to continue to pay, in higher wages, for the increased cost of living. And it also includes the extreme protectionists who want to prohibit practically all importation of manufactured products and practically all reciprocity, since no industry is willing to be sacrificed in an exchange of markets.

The new small capitalist dispensation, on the contrary, will favor a large measure of genuine reciprocity—small capitalist products, chiefly agricultural, alone excepted. While favoring home industries generally, the small capitalists will care relatively little whether it is one industry or another that is so favored. And if new foreign markets can be secured for one industry by sacrificing another and less important industry, they will be more than willing to make the change. New markets may be thus secured for small capitalist products and even when they are not there will be the benefit of somewhat lowered prices. For the most protected industries, which have the most inflated prices, will be the first to be

sacrificed. The imported goods will in such cases be considerably cheaper, and the growth of those national industries reciprocally favored by foreign countries will more than compensate for the industry abandoned—so that there need be no fall in the demand by workingmen for food and other small capitalistic products.

The conflict then is between the farmer, the shop-keeper, the small professional and business man, on the one side, and the bulk of the larger capitalist interests, including the would-be rivals of the trusts and “restorers of competition” on the other. This is shown by studying the two opposing policies that tend to develop with the regulation and nationalization of railways. And I shall consider nationalization chiefly, because there the tendencies have a better opportunity to work themselves out to a logical conclusion. When railroads are to be nationalized the first question is the price to be paid. The small capitalists usually hold, with Senator La Follette, that the railways and industrial combinations are overvalued by billions of dollars, and that they should be allowed to pay dividends only on their physical valuation or on their cost of reproduction. This would mean the expropriation of a large part of the values now held by stockholders, who are, for the most part, large capitalists. But the securities of many railways are very largely in the forms of bonds, the ownership of which is widely distributed among small capitalists and even among savings banks, while several important roads are actually in the hands of receivers appointed by the courts to represent the bondholders and other creditors. No matter how much such railways may be overvalued, no matter if the large capitalists who have directed them are themselves the chief owners of the bonds, there is no way of reaching them without hurting these small investors. And the same is true of certain conservatively



managed roads in which small capitalists are heavily interested. There is a way, however, by which small capitalists can tap the wealth of the large without harming other small capitalists, namely, by graduated income and inheritance taxes, which fall on all large capitalists alike, whether they are the owners of the industries or services being nationalized or not.

Next comes the question as to how interest and principal of the purchase price are to be paid. If rates are much lowered and other improvements made perhaps the roads will be run only to cover operating expenses, to provide against deterioration, etc., but not to make profits. In that case an increase of the graduated taxation levelled against the rich can be made to pay the interest on the new debt—which, by the way, need not be called a deficit—for it would really be a subsidy to the small producers for whose benefit rates are lowered. Or if it is decided to make profits these may rise even above the sum needed for interest payments. They may then be used to replace indirect taxes and so to lower the cost of living, or they may be used for investment in railroad extensions and improvements, in canals, roads, irrigation, reclamation, re-forestation, and other enterprises in which small capitalists (and to a lesser degree the rest of the population) are interested. And finally such surplus profits may be used for social reforms designed to improve the conditions of labor in such a way as to increase its output and so to lower its cost. All of these are small capitalist policies—at least when standing alone.

If the railway profits or surplus are to be expended on railway extensions and improvements, the question again arises as to which class of shippers and which localities are to be favored. But this is the same problem that occurs as to rates. Under a small capitalist government, of course, those industries and localities will be



avored in which small capitalists predominate or which in other ways serve their interests—for example, farming communities and market towns, the makers of agricultural implements and the meat packers. For while the farmers are now hostile to those who control these last-mentioned industries, once they are in firm control of government and in a position to regulate prices, they will reverse their present attitude and demand favorable rates for all industries from which they buy or to which they sell in large quantities. And the same principles hold of other small producers and traders, such, for example, as those of the small towns, who, President Wilson confesses, are his chief care.

But the railways, together with other means of transportation and communication, besides absorbing so much industrial capital, besides controlling all industry through rates, and, when nationalized, having such a weighty influence on all problems of government taxation and expenditure, are among the chief builders, the chief purchasers, the chief influences on land values, and the chief employers of the country. And railway policy in every one of these matters may be directed for the interest of small capitalists. It will greatly aid the government, as the undertaker of large enterprises such as canals, reclamation, etc., to do its own railroad building and to abolish private contractors. These great works may be timed so as not to interfere with the farmers' demand for harvest hands on the one side, and on the other to absorb the unemployed when they are too numerous in the cities (see the next chapter). Similarly the enormous railway purchases are a government club by which nearly all industries may be largely controlled and directed in the way they should go. The steel industry, for example, even if not governmentally operated, could be largely controlled through its enor-

mous sales of rails and bridges to the railways. Not only could the prices paid by the railways, and so their cost of operation and rates, be considerably lowered, but also the prices of wire fences and other farmers' supplies.

I have mentioned the tendency of the new movement to appropriate for governmental purposes all the rise in city land values. This tendency will take some time to complete itself. In the meanwhile special provisions may be made by which the government shall get the chief share of the rise in land values due to railway extensions and improvements, and this may also include agricultural lands.

And, finally, the railways employ a considerable proportion of the laboring class. The small capitalists' governmental policy as to wages and conditions of labor I shall consider below. But the railways have a vast number of higher positions also at their disposal and the requirements for admission to their various departments, and for promotion, are of immense importance to the youth of the country, composing as they do a considerable part of the total opportunities the country affords. These positions and promotions are now distributed in large measure through favoritism. With government railways, they will be under civil service. The civil service examinations, however, will be increasingly difficult, so that, in spite of a nominally free higher education, only the middle classes will be able to maintain their children during the many years of preparation required, and only these children will get the best positions. If, nevertheless, there remains a certain number of unoccupied or extremely inefficiently filled governmental positions after practically *all* these middle class children are provided for, then a system of scholarships may be instituted, but probably for no more than one or two per

cent, or perhaps five or ten per cent, of the common children [see Chapter V].

Two great and irresistible forces, then, are driving us towards the nationalization (or municipalization) of railways and of other fundamental services and industries: the interest of the small capitalists, the necessities of international competition. But a third force is already beginning to appear, and this, together with those just mentioned, may decide the issue. The railways and large corporations were able to secure the immense sums they needed only by the promise of exceptional profits. If now, under government regulation of rates and wages, these profits are no longer possible, no considerable progress can any longer be made in these tremendously important enterprises except as governments advance the necessary money or allow an increase of rates, or use their credit to guarantee a good and safe return to investors. Under these conditions, the moment large expenditures for any reason become imperative, the clamor of all the rest of industry against the railways will carry the day. For example, Germany is rapidly electrifying her governmental railways, and many engineers believe Great Britain should do the same. But, as a leading member of parliament, Chiozza-Money, points out, only governments may be relied upon to carry this great change out, and British railways will have to be nationalized for the purpose. Similarly, he claims, the coal mines can be economically exploited, and the present wasteful methods, by which the future supply is sacrificed for immediate profits, can be ended, only by government operation.<sup>8</sup>

Electrification of railways and the conservation of coal are also becoming issues in this country. But there is another more pressing force of the same general character. The small shippers will insist on the benefit they

expect from the Panama Canal in the shape of lower transcontinental rates. If private steamship lines do not carry out their expectations, they will adopt the proposition, now favored by a large number of Senators, of a governmentally owned line. This competition, if effective, whether through governmental or private lines, will hit the western railways so hard that they will be incapable of carrying out the extensions and improvements absolutely required by that relatively new part of the country.

Most fair-minded and non-partisan observers believe that the policy of regulation will soon lead to government ownership of railways and mines. And, like the former editor of *Collier's Weekly*, they look forward to this result with equanimity. They do not desire to see the process of nationalization go further than this, but, much as they may regret it, they are convinced that it cannot be stopped at this point.<sup>9</sup> How far then will it go? Of course I speak of our day and generation.

The bold step in "partial collectivism" marked by the new currency law shows that the process will not be limited to railways and mines. The sponsor for this last-named measure in the Senate, Senator Owen, says that its basic principle is nothing less than the nationalization of credit, "the supervision and control of the credit system of the United States cannot be safely confided to private hands." This momentous declaration was immediately followed by an explanation that presents the whole project as one of defense and protection of small borrowers. However this takes nothing away from its vast importance—ultimately to all elements of the population—but merely shows clearly the forces that are bringing about "partial collectivism" and will secure the lion's share of its benefits. Here is Owen's statement:

"A great public utility bank conducted for the safeguarding of the commerce and industry of the nation, and not conducted for the purpose of making profit; conducted with a view to stabilizing the interest rate and safeguarding the national gold supply, is conducted as a Government function in the interest of all the people of the United States, and should not be in the hands of bankers whose point of view is to make personal profit out of the banking business and to exact as high a rate of interest as the commerce of the country can endure." <sup>10</sup>

That *fundamental industries* like the mines, forests, and oil-wells, will be nationalized before many years there can be little question, since the process is far advanced in other countries, and is already widely favored here.

That all *monopolies* will either be wholly operated by government, or so completely controlled as to be practically so operated, is becoming clearer day by day. And this policy will doubtless be extended also, as has been proposed, to those industries that control 50 or even 40 or 25 per cent of a product.

But closely allied to those branches of production that furnish articles indispensable to industry generally are those *the products of which are indispensable to all ultimate consumers*, and therefore to all laborers. To lower the cost of these is ultimately to lower the cost of labor to employers. Such industries will more and more frequently be controlled or operated largely by municipalities, but also in some cases by the nation. Municipal ownership of markets and slaughter-houses is already general on the continent of Europe and there is a large municipal bakery in Buda-Pesth. The milk supply is closely regulated abroad and municipal ice-plants are on the point of being established in several American cities. The tariff is being most markedly reduced on food products and other necessities. Railroad rates will be made



increasingly to favor such products and there is a growing movement to study and organize scientifically methods of marketing and storage.

And we cannot doubt that the time is not far distant, after these three movements have developed, when all *the largest corporations* will either be nationalized (or municipalized) or else rigidly controlled at every important point of their business. For when we shall have added to the monopolies or near-monopolies, all fundamental industries, and then all large-scale industries dealing in consumers' necessities, as above suggested, we have already included a large majority of the large corporations, and the same principles will beyond doubt be extended to the rest.

But even if the movement should go to the length of nationalizing or municipalizing all large-scale industries, which is all that is demanded by the present platform of the American Socialist Party, the number of capitalists in the country would scarcely be reduced by one per cent, and these would still receive the larger share of the benefit of the new policies, just as they receive the larger share of the benefit where railroads are being nationalized to-day.

Let us now glance briefly in another direction and try to estimate the effect of the new collectivist *taxation* policies after they will have been more fully worked out. I have mentioned the recent step towards the appropriation of all the future rise in city land values in Great Britain. In Germany, when a law almost as radical was recently enacted, all parties voted for the bill, and Howe says that it was frankly admitted by all that land values are created by the growth of the community, rather than by any efforts of the individual. In Sydney, Australia, the municipality taxes one-sixth of the rise in land values and raises its funds almost exclusively



in this way. Yet it was the real estate owners alone who were allowed to vote on the method of taxation. The taxes on vacant land were thus raised 200 to 500 per cent, but those on improved property fell to one-third or two-thirds.<sup>11</sup> No wonder that Howe tells us (in "Privilege and Democracy in America") that the single tax means the revival of capitalism, on a small scale, of course, and the indefinite continuation of the struggle between capital and labor.

That the appropriation by the state of a sum which, even when the tax is applied to city lands alone, is even greater than the value of the railroads—and the expenditure of this sum in ways I shall indicate—will mean a revolution cannot be questioned. I have shown, however, that this revolution is to the interest of the small capitalists, and I shall show later that the rest of the population also gets a share, if a much smaller share, of the benefit.

Other radical tax measures also benefit the small capitalists more than other classes. When Vice-President Marshall says that the abolition of inheritance would probably receive the votes of two-thirds the population if sums under \$100,000 were exempt, he is doubtless correct—and it is probable that even to-day the majority of small capitalists would go that far. Oklahoma, a farming state, has already made a beginning, by abolishing all inheritance above a million and a quarter and all collateral inheritance over \$495,000—with a graduated scale of partial confiscation for lesser legacies. The principle is far from Socialistic. John Stuart Mill advocated it in 1852, as a method of giving the principle of private property a fair trial.

And now Senator Norris proposes in the United States Senate a measure to tax large inheritances from one per cent on \$50,000 to 75 per cent on \$50,000,000. This

measure, which exempts small fortunes, and is clearly and frankly confiscatory as to larger fortunes, received the active support of twelve Senators—after a very brief agitation in its favor. And this support came from states where small capitalists are in an overwhelming majority as compared with non-capitalists.

Income taxes also, no matter how steeply they may be graduated at the top, are supported by small capitalists. Recently the German government decided to take, for a brief period, a very considerable part of the incomes of its multi-millionaires, and by no means a small part of the incomes of its wealthy classes. Even if this tax is made permanent, as it may be, and even if it should *confiscate* the whole of the largest incomes above a certain amount, say above \$25,000 or even above \$10,000 or \$5,000 (the average income from a \$100,000 estate) there would still be no fundamental change in the character of society. For still, if the experiment were tried in America, 97 per cent of the small capitalists would not only be exempt from confiscation, but would probably be exempt from all such taxes. Moreover they would enjoy the larger part of the benefit of the expenditure of all these vast sums thus placed at the disposal of the government.

The present national income tax in this country is calculated on the supposition that there are only about 300,000 families in the country with incomes over \$5,000. As there are scarcely less than 10,000,000 small capitalists in the United States to-day, this means that 97 per cent of all capitalists would gain greatly if incomes over \$5,000 were expropriated, while if incomes over \$10,000 only were taken, 99 per cent would benefit. Certainly income taxes, and probably also inheritance taxes, will not be so steeply graduated as this in the present generation. But they will move rapidly in this direction, and

the nature of the movement is shown by lengths to which it may reach.

The industrial functions assumed or narrowly controlled by government may thus come, within our lifetimes, to aggregate easily a third of the nation's capital, while the sums raised by graduated and land taxes may bring the total expenditures of government on these enterprises and on canals, roads, reclamation, education and social reform to more than half of the nation's income.\* Yet 97, 98, or 99 per cent of the capitalists will remain and will control the government. And these will be the chief beneficiaries of the new system as they were of the old.

But the great revolution we are witnessing is also bringing great benefits to the rest of the people, the non-capitalist classes—and we may confidently expect these benefits to continue. Let us then examine the nature and extent of the improvements the small capitalists' collectivism will bring to the non-capitalist classes.

\*I have barely touched upon the movement for the nationalization of coal mines in the United States. One of the clearest evidences of this tendency is the recommendation of the present administration that a part of the Alaskan mines be owned and operated by the nation, partly "in order to check monopoly." Wherever this policy has been tried—and it has been tried very often—it has led to a steady increase of government ownership.

## CHAPTER III

### LABOR AS GOVERNMENT PROPERTY

THE governmental attitude to labor is being completely revolutionized by new economic factors. Before the era of industrial concentration, and before the new progressive movement began to make itself felt, competing capitalists regarded labor as a commodity to be bought like crude raw material; now that the capitalist class is approaching a general consolidation, under small capitalist political control, labor is coming to be regarded like machinery, as a means of production which must itself be produced, and the production of which can be effectively regulated by government in proportion as government becomes a more efficient industrial instrument. Formerly capital was only interested in the buying and selling of labor power and in saving labor power within the factory. Now capital is interested in the cost of production of the laborer, in making him efficient, in using him efficiently, in economizing him from the cradle to the grave—saving him as a working animal, or as a working machine in which certain human traits also cannot economically be ignored.

A certain kind of efficiency is more and more required in modern industry, namely speed, so that more may be gotten out of the rapidly growing investment in machinery, and the demand for this quality of labor is greater than the supply. At the same time the available labor supply is becoming restricted in many other ways,

and the more far-sighted capitalists and industrial statesmen are therefore coming to regard with keen disfavor the waste, by other capitalists, of workingmen's lives and health, and especially of the lives and health of the workingmen's children. The lowered cost of travel, moreover, has greatly extended the labor market, so that labor which does not receive the treatment which it demands can go hundreds of miles on land or thousands on water to seek better wages or a lower cost of living. Employers, on the contrary, are being checked in their search for a larger labor supply. The small capitalists all over the world and especially those who control the Western States of America, Canada, Australia, and South Africa, make use of the racial pretext to exclude immigrant laborers who, as small farmers or shopkeepers, threaten to become dangerous competitors. At the same time the more efficient, healthier, and more ambitious laborers have less children than formerly and make every effort to put these children into the higher occupations, and so prevent them from augmenting the supply of common labor.

Therefore, as the supply of cheap labor is gradually being exhausted, the cost of production of labor is being more and more considered, and more and more money is being invested privately and governmentally in efforts to improve the quality as well as the quantity of the labor supply.

Wilson and Roosevelt now agree that the workingman is to be regarded as the greatest natural resource of the country, i. e., of "the whole system of business"—even more important than the land itself. "The conservation of human life and energy lies even nearer to our interests than the preservation from waste of our material resources," says Wilson. (Message of December 2d, 1913.) The comparison is most suggestive. Like



the other natural resources, coal, timber, etc., labor was formerly regarded as an unlimited supply, which could be endlessly and cheaply replenished, and could be exploited at once to the last degree and without much regard to waste. Now the working people of a country, being limited in supply, are considered its most valuable *property*, the greatest *asset* of the whole system of business.

For the first time labor itself has been *capitalized*, and put on the books of capitalism as part of the commercial assets of the "nation," considered as a business concern; and this obviously only could take place when the capitalist class was at least sufficiently uniform and united to keep books in common, and had a government which the dominant social group, the small capitalists, could safely entrust with the control of labor, knowing that they would all get their fair share of the benefit of such control. Certain progressives have said that their movement means the governmental control of capital; we here see that it also means the governmental control of labor. We may call it, in brief, *the nationalization of capital and labor*—within the limits set by a government in control of a small capitalist majority.

Such a tremendous revolution—the complete reversal of the attitude of the ruling part of society toward the ruled—must have a very deep cause—still deeper than any I have mentioned. This cause is that at last the governing classes of society have become sufficiently wealthy, highly organized, and efficient to be able to afford to pay the high wages and to carry out the other reforms needed to bring the workers to a high degree of efficiency. If it had been attempted, in any country, before the revolution brought about by railroads and steamships (about 1850-1875), to treat all labor in a way to keep it at a very high level of efficiency, it is



probable that little would have remained to be divided among capitalists in the shape of profits. Now, on the contrary, there is so vast a surplus that it cannot find investment in new machinery alone. Capitalists already look with favor upon government investments which means government loans, in projects such as canals, that are so large, so complex, and dated so far ahead, that private enterprise could scarcely be entrusted with them. And government investments in the improvement of labor, which require a full generation, that is a completely new set of laborers trained from childhood, in order to have their full effect, are becoming more and more popular. The cost of these investments in labor efficiency can be thrown largely on the very wealthy, while their benefit accrues to every employer in the country. In poor countries, however, just as the most indispensable railways and machinery cannot be afforded, so also the cost of the most economical or efficient labor is too high and beyond reach.

For these reasons Roosevelt and Wilson and progressives generally, both in the United States and in other countries, are adopting a common policy with regard to labor. President Wilson agrees with Ex-President Roosevelt that governments must place human rights above property rights. Wilson says that "the lives and energies of the people are to be physically safe-guarded," and Roosevelt proposes to maintain "the life, health, and efficiency of the working people."

When we consider the immediate programs of Roosevelt and Wilson in regard to labor, at first, considerable differences appear, but these differences are only superficial. It is true that Roosevelt favors governmental schemes to end "involuntary unemployment," as well as minimum wage laws and the fixing of wages paid by trusts, while, up to the present, Wilson has opposed

"plans made by government with regard to employment and wages."

In dealing with Wilson's attitude on the trust question, however, I have shown that his opposition to governmental regulation of trust prices does not go so far as it seems, and the same reasoning will bring us to the same conclusion as to his attitude towards the regulation of wages. And as we examine his own statements of his basic principles we shall see that they lead directly toward such regulation.

President Wilson's Inaugural Address was taken up in large part with the labor question. And it will be decidedly illuminating to gather together and to analyze briefly the various sentences and paragraphs that deal with this subject. The central and basic proposition is a statement of fact:

"With riches has come inexcusable waste. . . . We have been proud of our industrial achievements, but we have not hitherto stopped thoughtfully enough to count the human cost, the cost of lives snuffed out, of energies overtaxed and broken, the fearful physical and spiritual cost to the men and women and children upon whom the dead weight and burden of it all has fallen pitilessly the years through."

This declaration marks a radical, even a revolutionary, advance, coming as it does from the chief executive of this country. Our national principle up to the present has been "the maximum of material advance that can be built up with the minimum of government." But other countries have long seen that even material advance is menaced by such a principle. Even two of the leading members of the British cabinet have seen it for several years. Winston Churchill has put forward a whole program of social reform, a large part of it now in effect, all based, he says, upon the necessity of putting an

end to "the waste of earning-power" that has resulted from the ignoring of *the human cost* in British industry. "Poverty" and "economic maladjustment" he declares have jeopardized "the stamina, the virtue, safety, and honor of the British race." And his collaborator, Lloyd George, believes that the poverty which goes so far as to decrease industrial efficiency and earning power can and will be abolished within a generation. Moreover Lloyd George has computed the probable cost of the abolition of British poverty as one half the cost of the *annual increase* of armaments. These statesmen have also a definite method in view: the further extension of recent reforms, of workingmen's insurance, including insurance against unemployment, of minimum wage-boards, and of the Development Bill, which aims at the prevention of unemployment by undertaking public works in hard times.

This labor policy, new as it is, has captured nearly all progressive political parties throughout the world. The facts upon which it is based are recognized even by the most conservative capitalists and statesmen. The New York Sun, for example, says that economic progress is due largely to the prevention of waste, that the most costly of all wastes is that of the "earning-power of the citizen," and that the most important conservation is the conservation of "health and working-capacity."<sup>1</sup>

The fact that there is an economic waste of labor and that every consideration requires that it should be stopped is now almost universally admitted. What then are the principles upon which President Wilson proposes to act? If we turn to his Inaugural Address again we find that his principles are four. The first is the proposition that "the laws determining the conditions of labor which individuals are powerless to determine for themselves are intimate parts of the very business of justice and

legal efficiency." This is the identical principle adopted by Germany in 1883, then by a number of other Continental countries, by Australia, and, finally, by Great Britain—in 1910. There is little room to dispute it to-day. But, as I shall show later, it leads farther than its present partizans imagine.

The second proposition about these "powerless" classes is that "their rights in the struggle for existence" are not safe-guarded unless they are "shielded in their lives, their very vitality, from the consequences of great industrial and social processes, which they cannot alter, control, or singly cope with."

The more far-reaching implications of this statement also I shall deal with in a later chapter. I only wish to point out here that it adds to the so-called "rights of man" "the right to have vitality and health protected from harm by society or industry." Now we have had no French Revolution in this country, and there is no menacing or irresistible clamor from below demanding any "rights of man." No doubt the President is sincere and represents a considerable number of philanthropists, academic authorities and reformers in announcing this principle. But the *effective* cause of the new movement is certainly *not* a matter of abstract "right."

Another related proposition of the Inaugural Address is that "there can be no equality of opportunity . . . if men are not shielded" from these same "industrial and social processes which they cannot alter, control, or singly cope with."

Equality of opportunity is a well-worn phrase, and Wilson would be justified in using it in its older and looser sense. That this is the way he usually does use it I shall show in a later chapter. If strictly and literally employed, however, equality of opportunity (as I shall point out) means, not merely the elimination of labor

waste, but Socialism. And, moreover, when employed, as in the present instance, in immediate and explicit connection with the labor question, it can only mean this real equality of opportunity—that is equality of opportunity for all, *including labor*, and not merely equality of opportunity for those having the capital required for initiating successful commercial undertakings—or in lieu of capital the extremely exceptional ability which alone can replace capital in view of the extremely overcrowded condition of all commercial occupations to-day. Wilson here gives us distinctly to understand that, if men are shielded in their “lives” and “vitality,” this real equality of opportunity will result. Yet, if we search the President’s writings as to how this will come about, we find that he restricts his plans looking toward equality of opportunity entirely to the commercial form.

The real underlying ground for the new policy appears only in the following statement: “Society must see to it that it does not itself crush or weaken its own constituent parts.” For the whole progressive movement has emanated, not from the oppressed individuals clamoring for rights and opportunities, but from “society”—that is the ruling part of society—not from below but from above.

It is not in any of these statements of his Inaugural, however, but in his other declarations as to the relation between the classes that we can best see the real reasons that underlie Wilson’s attitude to labor. For example, when he says: “I have never found any man who was unjust in regard to the interests of the laboring man,” and when we recall that he has repeatedly stated that he is personally acquainted with many of the magnates of the country, and therefore must know their views, this is equivalent to saying that he shares their general attitude on the labor question. And it is in entire accord



with this statement when, like Roosevelt, he definitely declares that such proposals of labor legislation as he endorses are largely for the benefit of employers and not for the purpose of making social conditions less unequal: "To lift up the masses is to help those at the top *just as much* as those on the bottom" (my italics).

We may take the President's word that this will indeed be the effect of all progressive labor reforms carried out, as he proposes, with the approval of employers. At the same time, Wilson, like Roosevelt, is very sensitive to the unpopularity of this proposal to lift those at the bottom, since it implies, as he definitely asserted in his Inaugural Address, that those at the bottom are "powerless" and dependent upon the benevolence of those at the top. Similarly Roosevelt says: "We are not proposing to go about with the helping hand of those who are stronger to lift the weaker, but we are going about with the strong hand of government to see that nobody imposes upon the weak." Compare these remarks with the very different position taken in his later speech, made a few days before the election of 1912: "We propose to lift the burdens from the lowly and the weary, from the poor and the oppressed. . . . When this purpose can be secured by the collective action of our people through their governmental agencies, we propose so to secure it. . . . Only by the exercise of the government can we exalt the lowly and give heart to the humble and the downtrodden."

Wilson repeatedly asserts that he stands for justice and not for benevolence, yet every time he describes the position of the ruling class his intellectual honesty is sufficient to force him to speak in pure terms of benevolence, as can be seen from the words I have put in italics in the following passages: "The man who *regards himself* as in a class apart is an enemy to the progress of



mankind"; "No man's heart is right unless he *feels* it upon the same level as all the other hearts in God's world"; "We mean to try to *change men's hearts* and so direct and modify men's business that they will be *kind* to one another." The emphasis placed by Wilson on the right thinking and feeling of the ruling class, rather than on diminishing their *power*, shows clearly enough that he knows that he relies upon them and not upon the masses.

The changed attitude to labor is so profound and many-sided that it deserves to be dwelt upon. One of the ideas that is constantly cropping up is the comparison of the workers with machines. Of course they are not regarded as mere machines, but as a certain kind of machine—to put the matter in one word, human machines. The idea is familiar and has been previously employed—but only in a purely figurative sense; the workers were said to be something like machines. Now they are to be regarded strictly as a part of the machinery—without forgetting that they are also human beings.

So President Wilson calls upon employers to give their employees at least as much consideration as they do their machinery. And it is true that this would mean an advance. As Secretary of Commerce Redfield points out, the workers have been exploited in a wasteful way, like our coal or oil. His proposition that their labor power should be conserved at least as well as water or timber has now become a commonplace. But the Secretary of Commerce recognizes that, similar as the problem of labor-saving is to that of saving of inert material or natural forces, it is even more like the scientific problem of well-equipped and far-sighted employers in saving their machines. He endorses the view of a manufacturer that, "when we study the man behind the machine as closely as we do the machine, we shall see

ways of *making the one fit the other* more closely than they do now" <sup>2</sup> (my italics).

In order to make the two fit together the man must be consciously fitted to the machine as well as the machine to the man. This means that the same scientific exploitation is to be applied to both, and Secretary Redfield describes it at length:

"All about great mills are instruments regulating machinery; means are provided that machines shall not be overstrained, that their product shall be within their power regularly to produce without damage to the machine; we ever care lest machines get overheated and, in a true sense, lest they get overtired. We know that a tired machine gives out, and its life is neither so long as it should be nor its product so large nor so good as it ought to be. We protect it against dust, we lubricate it, we even let it rest, yet that machine is dead, inert. When shall we learn that *to be most productive* a living, responsive man needs also not to be overstrained, that he needs rest, that his product must *for economy's sake* be always within and not beyond his powers?" (My italics.)

The view that regards the worker as a kind of machine is held by the advocates of the so-called "scientific management" and of the "efficiency engineers." Its basic proposition, as expressed by one of its best known promoters, G. F. Taylor, is that, to attain the maximum prosperity for the employer and employee, it is necessary to pay higher wages than are usually paid and to bring about "the development of each man to his state of maximum efficiency."<sup>3</sup> Undoubtedly, if the maximum prosperity of the employer is aimed at, the only way high wages can be paid is that the employee shall increase his product more than proportionately to the increase of his wages.

Taylor, for example, gives the following figures from one of his first experiments in the Bethlehem Iron Works. As the result of the experiment and to encourage efficiency the wages of a man handling pig-iron were increased from \$1.15 to \$1.85 per day, an increase of sixty per cent in a very short period. Taylor explains that the man was not overstrained, as it is part of the economy of the new method not to wear out the worker after so much time and money had been expended in training him. Similar increases were made under similar conditions in other employments—and cannot fail to be welcomed by the individual worker (if we lay aside for later consideration their effect on labor organizations). Such handsome increases of wages and the greater care of the worker's health that is also a part of the new method are indeed a revolution for the employee as well as the employer. But let us turn to the employers' gain. The output of the worker just mentioned, the amount of pig-iron handled, was increased from 12½ to 47½ tons per day. The cost of handling a ton decreased from 9.2 cents to 2.6 cents. This is indeed an example of Senator La Follette's principle, and that of the new movement generally, that labor is to be *paid* more but is to *cost* less. The pay in this instance was raised by 60 per cent while the cost of labor fell 354 per cent. And, as Taylor shows that increases of output under his system commonly amount to from 100 to 300 per cent, we have here a fair measure of the new policy. Taylor claims that part of the gain is passed along to the consumer in lower prices, but certainly this will not be the case with a semi-monopolized business like the steel-making of the Bethlehem Iron Works. And even where there is competition it may be questioned as to whether the ultimate consumer will get much of these enormous gains. For competition among the workers is likely to

pull down the worker's gain of 60 per cent far more rapidly than competition among employers pulls down the employer's gain of 354 per cent. Both of these tendencies will lead to lower prices, either directly—where there is competition, or through governmental pressure—where there is a practical monopoly. But given the original large gain to capital, and the disparity between this and labor's original gain, and it seems safe to expect that the final result will be that capital will have gained far more than labor.

Now let us look a little more closely at the attitude of the efficiency engineer to the man in the workshop. For, whatever their final effect on wages and profits, scientific management, efficiency wages, and efficiency social reforms certainly mean a permanent and revolutionary change in industrial organization and discipline. Taylor points out that the new system is the opposite of the old methods of employers to increase output. It does not aim to encourage "initiative and incentive" in the mass of the workers. These traits are invaluable in employers, and also in the considerable proportion of the working force that, under the new system, is allotted to studying the laborer and planning and directing his work, a proportion that sometimes rises to 20 per cent. But incentive and initiative, and therefore reward and punishment, are undeniably out of place even for the most human of "human machines." Everything may be considered for its effect on the welfare of these peculiar machines, from the cooking of their breakfasts to their recreation the evening before, but their sole duty is to obey their scientific managers, and not to supply initiative, i.e. brains. It is recognized by Taylor that this means a modernized military discipline in industry. And military discipline is not too hard a name. For military

service is also being revolutionized. The modern soldier is still supposed to have no mind or will of his own, but his needs, physical, mental, and moral, are more and more scientifically looked after—even to providing amusements and candy or sweetmeats to stimulate his digestion. And the Taylor system is similarly humane. So many seconds of rest are provided between tasks, with a stop-watch in the hand of the scientific manager, for this increases the output. Taylor also calculates that the employer of female labor would gain by giving each of his girls two consecutive days of rest at a certain time each month.

But look what a complete reversal this is of the time-worn method of handling labor. Under the system of chattel slavery, fear of the whip was the motive held over the workers' heads. Under the wage system up to the present, the motive has been the fear of losing the job and of starvation on the one side, and the reward of a better position, or somewhat higher wages, on the other. Now the worker will need neither to worry about increasing his output, as the efficiency engineer has already brought it to a maximum, nor to fear that he will lose his job, for the employer has already invested a considerable sum in training him, and will not readily let him go. The work is divided up into a thousand tasks, moreover, and something will be found for every order of ability. The worker, then, does not have to choose his task, he only has to obey and the task at which he can earn most is chosen for him. He does not have to speed up his work, as he has up to the present, he only has to obey and make such motions and as many motions a minute as he is directed to make. He does not have to worry about his reward, for he will be paid all that is needed to keep him efficient, no less and no more. In a word, he has only to obey and he will be promoted to more difficult



tasks, and his wages increased as fast as he shows the ability to make more for his employer.

Evidently if the working people are regarded as wealth-producing machines it pays to care for them, as being very expensive, though perhaps not the most expensive, machinery. Lloyd George uses this argument in support of his labor reforms. It is true that he also uses other arguments somewhat more radical, but this is the one no doubt that has given him the support of such a considerable proportion of British wealth, so that he is even able to boast that the larger part of the wealthy members are on his side in Parliament. He points out that, though Public Health and Education acts have cost much money, "they have made infinitely more" and that this is true of all laws which "improve the condition of the people."

"These have all contributed towards the efficiency of the people even as wealth-producing machines," he continues. "An educated, well-fed, well-clothed, well-housed people invariably leads to the growth of a numerous well-to-do class."<sup>4</sup>

When the industrial statesman begins to specify the concrete things which it pays to do for the worker, such as feeding him properly, instead of dwelling merely on the financial aspects of the problem, a figure of speech still better than the comparison with machinery immediately presents itself. For working animals and farm animals, horses, cattle, etc., must be well fed if the maximum profits are to be obtained from them, and if they are at all valuable, their health, rest, and even their comfort must be provided for. So Secretary Redfield reminds us that we take great care of race horses because success depends on "their health and their ability to endure strain," points out that the same is true of men in the race of modern commerce, and that "the interests



at stake are such as to make it vital that the human factor in our industries shall be fit." <sup>5</sup>

Secretary Redfield relates a case in which one American carpenter did the work of four Frenchmen, and attributes this superiority to the extremely light eating of the Frenchmen (bread and butter and coffee for breakfast and a little bread and wine for lunch) when compared with the American's three square meals a day. And he remarks that, if a workman "enters the works scantily fed or having eaten ill-cooked food, he can hardly work with the same energy as the man whose wife has provided him with a good breakfast." <sup>6</sup> Similarly it makes a difference in the financial results in a mill "whether among a thousand men one hundred or three hundred or more are out of health." Even mental health has its value and "the mechanic with a sound body and skilled hands will be worth much more to himself and others if he has also a trained mind." <sup>7</sup>

According to Taylor, two classes of scientific experiments have been made; one by physiologists who are studying the endurance of the human animal, the other by engineers who wished to study "what fraction of a horse power a man power was." <sup>8</sup> Those who compare the worker to a machine are thinking rather of the second phase of the question, those that compare him to a working animal are thinking rather of the first (see below).

After thus inquiring into the methods of getting the most work out of a man, the next question for the scientific employer is to produce the man who will produce the most work. Not only are the man and his labor power to be conserved and scientifically managed, but he is to be trained and made amenable to training—a good deal as a horse is. "Bad air, bad light, overcrowding, dirty and unsanitary conditions,—are all marks of inefficiency

in the management." The correction of these evils is "the mere commonplace of efficiency without which the accomplishment of pre-determined tasks cannot be expected."<sup>9</sup> Efficiency, besides scientific training, requires that the human working animal be kept from fatigue. Not only must the tasks not be too heavy or at too high a speed, not only must rest be provided for at weekly, daily, and at shorter intervals, but everything that is too deleterious to human well-being must be removed. For, even if the worker is still able to continue at his task, and to perform as much work as before, fatigue accumulates from day to day, and counts against him and his employer in the end. Not only does fatigue consume the energy-producing substances of the body, often beyond ready repair, but waste matters and actual poisons accumulate, to say nothing of other results such as extremely serious nervous fatigue and derangements.

Then, as working animals, employees must reproduce their kind, and poor food, long hours, overstrain, unhealthy conditions, and lack of sleep are particularly serious in their effects on female functions. Nervous disorders, a predisposition to disease, a low birth rate, infant mortality and race degeneration are an inevitable result.

The comparison of working men with animals has become quite common in the literature of the progressive movement and if we recall what a wonderful improvement has taken place in the treatment of farm animals since the rise in their value and the introduction of scientific methods (which is at once the cause and the effect of this rise), we must admit that the comparison—from the standpoint of the economic interests of those who make it—is most apt. The Commissioner of Labor of Rhode Island, George H. Webb, wonders that employers have not previously applied the same principles to men as

they have for centuries to horses. Webb begins his report on Welfare Work by assuring the manufacturers that it is profitable. He says:

“Mankind, at least that portion of it that has to do with horseflesh, discovered ages ago that a horse does the best service when it is well-fed, well-stabled, and well-groomed. The same principle applies to the other brands of farm stock. They one and all yield the best results when their health and comfort are best looked after. It is strange, though these truths have been a matter of general knowledge for centuries, that it is only quite recently that it has been discovered that the same rule is applicable to the human race. We are just beginning to learn that the employer who gives steady employment, pays fair wages, and pays close attention to the physical health and comfort of his employees gets the best results from their labor.”

H. L. Brown, Chairman of the Massachusetts Minimum Wage Board, uses a similar argument for a minimum wage:

“The situation . . . encourages the ‘scab’ employer, who cares for nothing except profits, to continue to run his business on the system by which he does not treat his girls as well as his horse. By no means other than investigation . . . can the fair employer be protected from the unfair competition of the unscrupulous.”

These gentlemen do not realize that it has paid the owners of animals in the past, as it pays the employers to-day, to make such expenditures only in proportion as men and horses reach a considerable value, nor do they see that this point has been reached for the mass of animals only recently and is just being reached for the mass of men to-day.

We have the most powerful official presiding over a

Wage-Court in the world, Justice Higgins of Australia, using the same human animal argument and making it the very basis of his decision of a celebrated case that fixed the minimum wage in that country for several years:

"If A lets B have the use of his horses, on the terms that he gives them fair and reasonable treatment, I have no doubt that it is B's duty to give them proper food (*sic*) and water, and such shelter and rest as they need; and, as wages are the means of obtaining commodities, surely the State, in stipulating for fair and reasonable remuneration for the employees, means that the wages shall be sufficient to provide these things, and clothing, and a condition of frugal comfort estimated by current human standards. This, then, is the primary test, the test that I shall apply in ascertaining the minimum wage that can be treated as 'fair and reasonable' in the case of the unskilled laborers." <sup>10</sup>

The Justice decided on this basis that "the necessary average expenditure for a laborer's home of about five persons was 32 shillings and 5 pence (about \$8.00) a week."

"These figures, however, covered only 'rent, groceries, bread, meat, milk, fuel, vegetables, and fruit.' They did not cover, said the court, 'light, clothes, boots, furniture, utensils, rates (taxes), life insurance, savings, accident or benefit societies, loss of employment, union pay, books and newspapers, train and tram fares, sewing machine, mangle, school requisites, amusements and holidays, intoxicating liquors, tobacco, sickness and death, domestic help, or any expenditure for unusual contingencies, religion or charity.'"

The Justice added 9 shillings and 7d. per week (\$2.32) to cover these additional requirements, which are mostly

indispensable if the laborer is to be kept in any degree of efficiency. Even this total wage of less than 42 shillings the Justice evidently felt to be rather too high for human work-animals, for in spite of the rapid and continuous rise in the cost of living, proved and admitted before his court, he allowed it to stand unchanged for years. It may be seen from this how far the employer's standard of what the worker needs for the purposes of profits is from any truly scientific standard, either (1) of what he and his family need for their full development, or (2) of what industrial efficiency would require, if employers were also put on a basis of the minimum of profits needed to keep them in efficiency—payment for interest, risk, and wages of superintendence—and if inefficient employers who could not thrive on such a basis were allowed to go into bankruptcy.

Let me take up first the scientific standard of what is required for personal and family development. The cost of living has been found by a number of authorities, American and Australian, including the Australian wage-courts, to be very similar in the two countries. Scott Nearing, summing up several American investigations, concludes that from \$600 to \$900 per annum is required to maintain a normal standard of living for a family of five—"so far as the physical man is concerned"—quoting the language of R. C. Chapin's well-known report. The figure varies chiefly according to the size of the city and the section of the country. It means from \$10.00 to \$15.00 a week as a minimum, provided there is steady employment. But employment for unskilled labor is notoriously unsteady. Even if we allowed only ten per cent for this, the minimum for the period when these official studies were made (1909-1911) would be from \$11.00, in rural districts only, to \$16.50 in the largest cities. Yet it was at this time that Justice Higgins fixed



the minimum at \$10.20 and applied this to all Australia! Within the last few years, it is claimed that the Australian courts have raised wages faster than the cost of living *in certain occupations*. But these are the favored trades and industries that control the Labour Party and thus, indirectly, to some degree at least, influence the courts. This is indeed one of the best evidences that the aristocracy of labor advances itself at the expense of the laboring masses and will do so more and more as it comes into power. But this question forms the subject of later chapters (XII and XIII).

Under the new dispensation—scientific management and scientific labor laws—labor is viewed as a natural resource, a part of the machinery of production, the laborers as human working animals, that is as a part of the system of production that must itself be produced. We are prepared then to hear progressives like Senator Beveridge, Chairman of the National Progressive Convention, say that labor is no longer to be regarded as a mere commodity, as it has been up to the present:

“Progressives insist on making our laws from the human point of view rather than from the purely commercial point of view. The Progressive Party rejects the savage economic doctrine of the obsolete Manchester School that labor is nothing but a commodity, to be bought at the lowest possible price, used until efficiency is exhausted, like a shovel, or a machine, or a bucket of coal, or a bushel of wheat.”<sup>11</sup>

The progressives propose that, with every considerable increase of wages or other sums expended for the benefit of labor, there shall be a more than corresponding increase of efficiency, output, and profits. And every considerable increase of wages and profits of this character will undoubtedly prove a great blessing to all humanity.

But employers—as a class—are financially interested in having the labor reform movement stop at this point. The further increase of wages, which would be at the expense of profits, does not attract them. They want to increase the national wealth and—to some degree—to increase everybody's income. They do *not* want at the same time to bring about a fairer *distribution* of this increased national wealth and income.

In the article just quoted Beveridge says:

“We think it a great deal more important that men and women engaged in any industry should not have their health destroyed than it is that the manufacturer should make *abnormal* dividends” (my italics). In Roosevelt's remark that “wages should increase *as well as* dividends” we see the same point of view. Yet in the very same article, in discussing the protective tariff, Beveridge says that the Progressives are “at relentless war with the present day Republican doctrine of a guaranty of profit to manufacturers” and that it would be just as sensible to guarantee a profit to farmers, and barbers, and doctors, and lawyers. If a manufacturer cannot make any profits under a reasonable tariff, says Beveridge, then he must do without profits, as a reasonably low tariff is more important than his dividends. But the Progressive leaders do not apply this principle of survival of the fittest against employers who are not efficient enough to be able to pay reasonable wages. Wages must *not* be increased at the expense of any dividends, and the health of the laborer, according to the Progressives, is *not* more important than profits by any means, and is to be preferred only to *abnormal* profits.

We cannot pay much attention then to the occasional claims that the new labor policy is based on sheer altruism, even when these claims descend from on high,

from a Roosevelt, a Wilson, a Churchill, or a Lloyd George. Nor are such claims very persistently made or insisted upon. On the contrary, the argument is for the most part—in direct contradiction to this—intensely realistic and matter of fact. As I have pointed out, the employer is nearly always to be duly benefited. And when altruism is dwelt upon it is only with the greatest vacillations and contradictions. A typical case is that of Secretary of Commerce Redfield in his book I have already quoted—"Our New Industrial Day." After a full statement of the new labor policy and its solid and interested financial grounds, he reverts to the doctrine that its basis is altruism, but finally asserts that it is both altruistic and interested—which is a sufficient avowal that the effective motive is, after all, financial.

First let us note Redfield's clear-eyed recognition of the reality:

"The normal resistance of a working force to pressure under conditions of a narrow wage and long hours is not an element that leads to continued profit. No management is scientific or permanently possible which does these things. For evidently many employers have done them and still do them—at the expense of other employers."

Yet on the next page Redfield naïvely refers to a scientifically managed enterprise which was regarded by its owners "as a *social experiment*" that "they were happy to find lucrative." May we not on the contrary be confident that at the bottom it was a primarily *lucrative* experiment which "they were happy to find" they could also make into a *social* experiment? This is a mere change of emphasis, but in the study of motives a change of emphasis often makes all the difference in the world.

Our Secretary of Commerce proceeds to tell us that the adoption of the new labor policy shows that "profits are

no longer the supreme law," whereas it would seem to demonstrate the exact reverse. And, a few pages later, he himself concedes that the motive is not exclusively humanity, but also "care for our profit's sake." Other admissions go still farther, until finally this confession is made: "This (labor policy) is not an appeal to one's sympathy or sentiment. In our use of human forces we must study those forces as we study others, learn the facts and adapt ourselves to them."<sup>12</sup> "The present trend towards saving effort and keeping the *human mechanism* in our factories in good working order *does not arise from altruistic motives but from economic ones*" (my italics).<sup>13</sup>

I have dwelt at some length upon the general principles on which the new labor policy is based. I shall now very briefly outline the chief elements of its concrete program. One of its first cares is that enough children shall be born. Napoleon was perhaps the last great ruler who demanded more births in order that there should be food for cannons, though a minority still raises the same cry in France to-day. But there is now an insistent demand for more workingmen as food for factories, and births are encouraged from many quarters on this economic ground. There is another and surer way, however, of increasing the supply of labor at its original source. To the demand for more children, mothers may reply that quantity interferes with quality, both in obtaining well-born children and in raising them. On the other hand, in the movement to check the tremendous *losses* of life and health among very young children, especially in very large families, mothers are the most ardent workers.

The ultimate value to industry and employers of the children born every year is enormous. And if the proportion of deaths or invalidity can be materially decreased

there must be a correspondingly large gain. We have seen the worker compared in value to raw material, to machines and to animals. Professor Irving Fisher makes another calculation (with perfect correctness, from the employer's point of view) and shows us the financial value of the child crop.

Mothers will be surprised to learn that the child crop, valuable as it is, is scarcely as valuable as the animal and plant crop (horses, cattle, sheep, pigs, corn, wheat, hay, cotton and other agricultural products)—to say nothing of the even higher value of the annual product of our manufactures and mines. When the product of our agriculture was worth over 9,000 millions the annual baby crop was worth 7,000 millions—according to Fisher. He also calculates that 47 per cent of the children who die at less than five years could be saved at a cost of \$20 per child. This would yield a handsome profit to industry and employers of \$576,000,000 a year. We may assume surely that a somewhat larger percentage could be saved by a far greater expenditure, certainly if this expenditure were made large enough and extended over a considerable period. For example, surely \$1,000 per child instead of \$20 would save 57 or 67 per cent of the children instead of 47 per cent. But this last 10 or 20 per cent at this rate would probably cost too high and "industry" would show a loss instead of a gain on the lives of these children. The conclusion is that "industry" will let the babies die and save the \$1,000 per capita or whatever sum would be needed to save them.

So we see that, at the present rates of expenditure, there are solid commercial reasons behind the mothers' pension laws that are being enacted "for the children's sake" in the various states of this country. For these pensions must mean a very considerable saving of life and vitality, since they are given to the very poorest fam-



ilies, those of dependent mothers, where the death rate of infants is often several times that among the more prosperous. As these pensions, already enacted in seventeen states, after little more than four years of agitation, vary from \$8.00 to \$15.00 a month for the first child and from \$5.00 to \$12.00 for later children they are already a substantial aid, and may be raised and extended later—for example, so as to make it possible that children shall be kept from work until 16 or 18. New Jersey, Michigan, and Oregon have already reached this lower point, while Illinois extends the pension to mothers of boys to 17 and girls up to 18. This will enable children to take advantage of the new vocational schools now being publicly established through the employer's influence (see Chapter V). But these pensions cannot be raised very much farther and still show a profit to employers. At \$10.00 a month a sixteen year old girl raised under this system would have cost the state nearly \$2,000, and it may be doubted if the life of the female child is worth more—to the employer. And surely the life of this child would not be worth more to the employers than the \$3,000 that the child would cost under the \$15.00 a month of the Ohio law.

But it would mean a vast advance over conditions of the past even if the sixteen year old working-class girl were valued by an employer's government only at \$3,000 and the boy say at \$6,000, even if public expenditures on them were limited to some such amount. Not only would mothers' pensions become more general and more liberal than at present, but every reform that affected the home would be promoted for the same reasons: workingmen's insurance, model dwellings, etc. The child would be given free lunches and other support in the school—and billions would be expended on vocational training, which might double his value to employers and also enormously

increase all the other profits to be made from all the other investments for saving the life and health of the laborer that I have mentioned. And the incidental benefits of such reforms to labor are too great to be summed up in a few words. Even though, after the balance was cast up, the employers were getting a greater proportion of the nation's wealth than ever, they would mean a new life and a new world for the worker.

President Roosevelt's Conservation Commission estimated that "*human beings considered as capitalized working-power are worth three to five times all our other capital, and that, on a very moderate estimate, the total waste and unnecessary loss of our national vitality amounts to one and one-half billion dollars per year.*"<sup>14</sup>

If "human beings considered as capitalized working-power are worth from three to five times all our other capital," then it is economic from the employer's standpoint to expend from three to five times more in making, for example, a 100 per cent saving of human beings than in making a 100 per cent saving of machinery or other capital. The billion and a half is indeed a very moderate estimate of the sheer waste through death, disease, and accident—to which the Roosevelt Commission confined itself. Unemployment and the overstrain of too long hours, which were not considered, probably account for a still greater loss. But besides stopping these losses certain positive gains are possible with better wages and better food (namely, greater strength and intelligence) and with better training in the school and factory. If several billions are expended annually on railroad extensions, canals, roads, buildings and farm improvements, new factories and machinery—then according to the irrefutable logic of the Roosevelt Commission it would pay to expend two or three times this amount on labor.

One of the first expenditures after those on mothers and children will be for social or workingmen's insurance against sickness and accident. Public expenditure for sanitary measures, hospitals, and model dwellings is also increasing rapidly, but this increase will be far more rapid after governmental insurance has been developed. It will then be a part of the regular business of government, and a matter of immediate saving to the government itself, to check the too-long hours that lead to premature old age and invalidity, to prevent accidents, and to lessen disease. In 1909 the German government's expenditures for the insured were \$167,000,000 and now \$100,000,000 is to be added for public and private servants. It is no wonder then that the German government tends to invest a large part of the capital of this fund in model dwellings for workingmen, or that many millions more are loaned to cities for hospitals and sanitariums. "It was found that tuberculosis was responsible for 15 per cent of the allowance to males and this led to a war against it." In 1909 nearly \$4,000,000 was spent to fight this scourge. But if any considerable part of the patients are cured this will prove a profitable investment for the government—to say nothing of the gain to employer and employee. And as the death rate from tuberculosis was cut down twenty per cent in ten years, largely through the government's efforts, even before these larger expenditures were undertaken, this profit is almost certain. No wonder then that German employers expressed their unanimous approval of this insurance to Lloyd George, while a recent German Minister of the Interior explained the efficiency of the German worker (i. e., the large profits made from his labor) as largely due to this social legislation.<sup>15</sup>

The expenditures of modern cities for the benefit of the workers, especially in Germany, are based largely

upon the same principles. "The German city looks upon happiness as a public obligation," says Howe. "It freshens the artizan and relieves the dull monotony of his daily work." Cologne, for example, expends \$1.50 per capita for the theatre, music, art, science, public baths and parks.<sup>16</sup> Howe gives another explanation of this expenditure that is even more illuminating:

"The efficiency of the German worker is in no small degree due to the rest, to the change in environment and in mental interests which the community offers in these ways. There is little drunkenness and few of the environing allurements leading to excess which characterize the commercialized recreational opportunities in American cities." Redfield speaks of the enormous losses to British industry due to drinking and blue Mondays alone. And as the government of German cities consists almost exclusively of business men we cannot doubt that it is this and similar considerations that govern them (see above, Chapter II).

Similarly the insurance against unemployment and plans for its prevention are confessedly dictated in large part by the view that the unemployed are an unnecessary charge on taxpayers and can be set to work by the government to its profit or to the profit of those who control it. So a dozen of the largest German cities grant subsidies to unions, savings banks, and other voluntary associations in order to relieve the unemployed, while the German governments make appropriations for public works over a number of years and carry them on in times of depression in order to provide employment. As wages are lower at such times than at others, this is obviously even more of a gain to the governments (and those who control them) than it is to labor—which, though employed, must accept a very low wage.

The British legislation of 1910 has gone farthest in

both methods of meeting unemployment. Winston Churchill's Development Bill for re-forestation and other public works was proposed largely for the express purpose of furnishing work in times of unemployment, while his insurance against unemployment is the first example of a thorough law of this kind on a national scale. The law at present applies to certain trades only but it insures 2,400,000 people, and the government contributes one-third of the total amount, the rest being paid by employees. If we consider the vast amount of unemployment we can see what a problem it affords. For unskilled labor this problem may be solved along the lines of the Development Bill. And for the skilled, the high cost of insurance to the government will doubtless lead to a solution, though this expenditure is by no means to be reckoned as a dead loss from the employer's standpoint. Indeed it subsidizes certain industries by making them more attractive to employees, and it will even have the tendency to make such employees accept somewhat lower wages.

In the United States we find insurance against unemployment proposed in the New York State platform of the Progressive Party together with insurance against sickness and old age. And we find in the National platform of the same Party, the prevention of involuntary unemployment. And since unemployment, even in good times, probably means \$500,000,000 a year lost to employers, we can see very practical reasons for the proposals. For it has been calculated by an able statistician that the United States loses annually in this way 1,300,000 years of labor time. If we allot 300,000 of this to "unemployables" and value a labor-year, conservatively, as worth \$500 to the employer, we see the loss cannot be far from my estimate.<sup>17</sup>

The eight-hour day is also advocated by progressives



and radicals because of the value of the employee's rest and recreation to the employer. Churchill and Roosevelt favor it, while Secretary Redfield notes that, just as the nine-hour day, once generally opposed by employers, is now widely held to pay, so the eight-hour day will in most instances be found more profitable than the day of nine hours. The gravest and most costly effect of the longer day is not in lessening the output of the later working hours nor in deterioration of the work the next day, but in the gradual deterioration of the work throughout the years and in the worker's premature and costly superannuation. So, Ex-Senator Beveridge has declared, in the name of the Progressives :

"We think that the industrial order, which, notwithstanding the enormously increased productivity of machinery, nevertheless drives human beings to such hard and excessive hours of labor that their usefulness is sucked out of them by middle life, is utterly wrong; and so, under the head of industrial and social justice, the Progressive Party platform proposes a program of comprehensive, systematic and practical reforms to carry out this third great principle on which our party is founded." <sup>18</sup>

Such an industrial system as the present one, whether right or wrong, is evidently wasteful and unprofitable for the employing class generally, except only for such relatively inefficient employers as are forced by financial necessity to sacrifice the future of their employees for immediate results—at the expense of employers as a class.

As Senator La Follette says: "All practical experience shows that shorter hours mean better health and higher efficiency of employees, the quality of the work and the character of the output *more than offsetting* any

loss from cutting down the working hours of the day." If we measure the losses from long hours, not by the day but by the worker's life-time, our industrial statesmen are surely right. Not only will the employer not lose by the shorter hours, but as with all the other labor reforms now under discussion, he will undoubtedly gain.

Roosevelt declares, in his *Century* article: "We believe in shortening the labor day to the point that will tell most for the laborer's efficiency both as wage worker and as citizen." This is a briefer and clearer formulation of the basis of the Progressive labor policy than his statements of wage policy. It indicates the general attitude of Progressives towards labor, including wages and other conditions. There are to be no real *concessions*, no improvement at the expense of profits. Everything that is to be done for labor is either to pay for itself or to bring in profits greater than its cost.

Again Jane Addams, the most eminent woman Progressive and a member of the Party's Executive Committee, advises the Garment Manufacturers:

"If you men pay better wages, you will get a better type of girl worker, and I can tell you that as soon as wages go up the efficiency of your plants will be increased. Make the girls know that increased skill means increased wages, and you will solve your labor problem."

Such improvements in labor conditions as will increase profits—this is undoubtedly the progressives' solution of the labor problem—whether these progressives are of the Progressive, Democratic, or Republican Parties, American, British or Australian.

And whether the question is one of the governmental policy about wages or of the governmental policy about social reforms, the same motive lies at the bottom. Thus at the time of the British Railway Strike of 1911 the Chancellor of the Exchequer, Lloyd George (in the

House of Commons), gave the following explanation of the Government's basis of settlement, by which it promised the railways to allow them to raise their rates, in return for their agreement to increase wages:

"We are simply giving the railway companies a right which is now extended to every business man in the country. . . . If there is a great settlement between colliery owners and their employees, or great cotton spinners, or in any other industry, which involves a heavy increase in the labor bill, they pass it on, *and they are entitled to pass it on.*"

In defending his Insurance Law before a deputation from the Employers' Parliamentary Council and the Association of Chambers of Commerce, Lloyd George showed that the same motive was behind this great social reform policy. *In no event are profits to suffer. The whole governmental policy is frankly an employer's policy.* Higher wages are to be paid for, at first, by higher prices. And if there is any increase of *real* wages (i. e. an increase of money wages beyond the rise in the cost of living), the workingmen are to pay for it, or more than pay for it, by rendering the employers an increased output. Here are the Chancellor's very words:

"I am not complaining, if I had a right to, that the employers are hesitating and wondering whether they are going to get their money's worth, but I think if you take the trouble to send a deputation to Germany to men engaged in the same trades you would come back with a conviction that in the long run it would be better for you. Now comes Mr. Shepherd, and says it falls on the consumer. *Of course it will have to fall on the consumer, except to the extent that it is absorbed in improved efficiency. What is not absorbed in improved efficiency must fall on the consumer.* Take a builder. I had to build a small cottage down in Wales a short time ago.

If I were to build this cottage after this Bill came into operation the contractor would put down the wages he would have to pay, and I have no doubt in reckoning up, in sending in his tender, he would in future take into account the amount he would pay under the insurance, and he would put that in his estimate before he sent in his tender. But every other builder in the town would have to do the same thing. If charged upon one builder and not upon another, it would be unfair, but seeing that every builder in the neighborhood would do the same thing, that would fall upon me as a consumer in the first instance, but I believe in the long run it will be absorbed in *the increased efficiency of the worker*, and that neither I nor the builder would pay it, and that we both benefit by it.”<sup>19</sup> (My italics.)

So we see that the progressives' attitude towards labor is the same as their attitude towards industry. Profits require efficiency, and efficiency requires what practically amounts to *government ownership of labor*. [See Chapter VI.]

## CHAPTER IV

### THE NEW DIVISION OF THE NATION'S INCOME

ALL the reforms of State Capitalism may be carried out without making the distribution of the nation's income among the various social classes any more equitable than it is to-day. The present tendency, according to which a larger part of the annual product of our labors goes each year to those who live largely or wholly by rent, interest, and profits, while a smaller part goes to those who live by wages, may thus be indefinitely continued. Government ownership or control of industry may be further and further extended, taxes may be more and more steeply graduated against the wealthy, and all the proposed labor reforms may be put in force, and still the present tendency may persist and the distribution of income may become more and more unequal year by year. All classes will receive *some* part of the benefit of the new policies, but the receivers of rent, interest and profits may continue, as at present, to better their position, year after year, more rapidly than the rest of the population. And this can only mean that the gulf between the classes will continue to grow wider—unless, indeed, a sufficiently large number of individuals pass from one class to the other—a possibility I shall discuss in the following chapter. And even if such a counter-tendency did prevail it could only mean that a larger and larger proportion of the nation's wealth was passing into the hands of a minority—if a growing one.



A grossly unequal distribution of wealth, such as now prevails, has always been condemned by democratic statesmen as endangering the very basis of democracy. If then our problem is not merely to *maintain* democracy but to secure democratic progress, this question is all the more crucial. Jefferson and Lincoln based all their hope for America on the supposition that the small capitalists, doing their own work, or perhaps working for others until middle age, and then setting up in farming or business for themselves and, finally, employing one or two helpers, would control the wealth of the country. President Wilson, in the passages already quoted, and also in referring to the \$2,500 a year man as the decisive element in politics, suggests the same view.

What then if those receiving smaller incomes than this, though gradually improving their condition, can be shown to be getting year by year a smaller and smaller *proportion* of the nation's income, and if it can be shown further that not even the most radical of the reforms now being introduced promise to counterbalance this tendency? In examining this last question we have to consider not only the effect of the new policies on wages and cost of living, but whether the proposed social reforms promise to bring more substantial benefits to the classes or to the masses of the population.

For the wage question, we may either examine what statistics we have as to the distribution of the nation's total income or we may compare profits and wages. Without making any attempt at covering the whole ground, I shall merely give a few illustrative figures. These will suffice, I believe, to convince the unbiased reader of the general tendency, if, indeed, he is not already aware of it. And in conclusion I shall discuss briefly the question whether the chief social reforms affecting incomes, namely the wage-standards of com-

pulsory arbitration tribunals and minimum wage boards, promise to bring any fundamental change in present tendencies.

The cardinal facts in the present situation cannot be questioned, and they apply alike to all modern countries: (1) wealth and income are increasing more rapidly than population; (2) per capita wealth and income are increasing more rapidly than the cost of living; (3) *real* wages are not increasing as rapidly as other forms of *real* income.

The statistics of the American wages from 1900 to 1910, as published by the Bureau of Labor, show an increase somewhat *less* than the increase of the cost of living. Instead of a *real* improvement in that decade there was stagnation. And if we take a longer period, and compare the wages and prices of 1890-1895 with those of 1905-1910 we still find only a slight increase of *real* wages, between 2 and 3 per cent. But even if the wage-earner was merely to continue to *hold his former proportion* of the national income the increase in real wages ought to have been about 14 per cent—if we may judge by the increase in wealth, population, and prices from 1900 to 1910.

We have had no official or semi-official estimates of income before that of Congress in preparing the income-tax of 1913. But the mere statement of these figures is enough to convince anyone that most of the larger incomes are a comparatively recent growth. From these estimates we may calculate the incomes of from \$4,000 to \$10,000 a year at a total of \$1,952,000,000, and those from \$10,000 to \$50,000 at a total of \$2,083,000,000. The incomes from \$50,000 a year to \$1,000,000 a year are estimated at a total of \$1,544,000,000. The figures given for incomes higher than a million are less satisfactory because, while the number of those receiving over

a million dollars a year is given as 100, there is no way to estimate their average income. But since a number of large fortunes are generally conceded to yield incomes from \$5,000,000 to \$50,000,000, we may safely estimate the 100 largest fortunes as falling little short of \$500,000,000, which would bring the total income of the millionaire and multi-millionaire class also to \$1,400,000,000 or more.

Now Congress estimates the number of the well-to-do class (income from \$4,000 to \$10,000) at 304,000, of the wealthy class (income from \$10,000 to \$50,000) at 108,000, and of the millionaires and multi-millionaires at 11,900. There is no need, in this country, to demonstrate that all but a very small part of these incomes have grown up within the last half century. And this is equivalent to saying that they have been showing a very rapid decennial and even annual increase.

Nor can there be any doubt that the larger part of all these incomes is due to rent, interest, and profits. Salaries and professional incomes of more than \$50,000 a year exist in a few of the larger cities, but they form a negligible proportion of the total. Salaries and professional incomes of from \$10,000 to \$50,000 a year are rather common. But their recipients do not form a very large part of this class of 108,000 persons. Salaries and professional fees do constitute a large part of the total \$4,000 to \$10,000 incomes, however, and a considerable part of the business incomes in this class also may be described as salaries, which are not paid as such only because the small capitalist is his own employer. Nevertheless the larger part of the incomes of this class is probably due also to rent, interest, and profits.

Incomes from \$1,000 to \$4,000 are reckoned in the Congressional estimate at 5,000,000. By far the larger part are undoubtedly those of farmers, as Nearing and

Streightoff have proven that less than a tenth of our wage-earners receive as much as \$1,000 a year. The value of farm lands has *more than doubled since 1910*, and that of other farm capital has increased in almost proportion—as has also the value of farm crops. Farm lands rose in value from 13,058 to 28,475 million dollars, farm buildings from 3,566 to 6,325 million dollars, farm implements and machinery from 749 to 1,265 millions, farm products from 4,717 to 8,694 millions. The number of farmers, on the other hand, rose only from 5,737,000 to 6,361,000 (an increase of 11 per cent), the number of farm-owners from 3,650,000 to 3,948,000 (an increase of 8 per cent).

Perhaps 99 per cent of the farmers are laborers in the fullest sense of the word. But they are also small capitalists, especially when they own their own lands. And, if their capital has doubled, their profits have increased approximately in the same proportion. If a farmer kept strict books with himself, it is true, he would have to raise his own wages, as the farm laborer is getting more pay. But this rise is very little more than that of the cost of living, while the farmer's profits would show a far more rapid increase, perhaps twice as great. The material prosperity of this class, as every witness has testified, has risen rapidly.

A certain part of the wage-earners, though less than a tenth, also receive more than \$1,000, while the overwhelming majority of the professional and salaried classes and small business men have incomes smaller than \$4,000, but very often greater than \$1,000 a year. Certainly the incomes of such business men, unless their function is useless or harmful, which often happens, are to be reckoned as consisting, in reality, largely of salaries, rather than of income from capital. This \$1,000 to \$4,000 group is not only by far more important numeri-

cally than the higher group (since it numbers about 5,000,000), but it also possesses far more than the aggregate income of all the wealthier classes—which I have just estimated at a little over \$6,000,000,000. For even if the average \$1,000 to \$4,000 income were only \$1,600 this would give a total income of \$8,000,000,000. And if the average income of this group is \$2,000 the total would be \$10,000,000,000.

The above is by no means a complete survey of the incomes of the community. Several million farmers (for the most part, though not wholly, tenants) have an income of less than \$1,000 a year, even if we include home rent and home-produced food in our estimate of their incomes. A large number of very small shop-keepers are also in this class, together with the overwhelming majority of teachers and a very large part, at least half, of all the professional and salaried classes. None of these groups has been mentioned up to the present point. But they undoubtedly follow, in a general way, the fortunes of the wage-earners. For the various occupations at the same *income level* are, as a rule, accessible to the same individuals. It is not difficult in many sections for wage-earners to become small tenant farmers, while wage-earners from other and poorer sections come to take their place; or young wage-earners may become school teachers, etc. Similarly a professional man may readily go into a small business or a farm owner may do the same thing. This brings it about that, during the course of a few years, the improvement in the income of those classes at the same income level tends to become very similar.

We see, in the United States, a steady tendency for wage-earners and probably for these other classes at the same income-level to receive a smaller and smaller proportion of the national product, while the receivers of



the largest incomes get a larger and larger share, as do also the bulk of the middle classes, composed of farm-owners and the social groups I have mentioned as being at their income level.

Now these or similar tendencies are world-wide. It was shown at the time of recent British strikes that, for a decade, the wages of the masses of the unskilled wage-earners had not been increasing as fast as the cost of living. The wages of the more skilled and organized workers did somewhat better, and these are tabulated by the British Board of Trade. Yet Winston Churchill states that "the increase of income assessable to income tax [over £160, or about \$800 a year] is at the very least more than ten times greater than the increase which has taken place in the same period in the wages of those trades which come within the Board of Trade return."<sup>1</sup> We can imagine then what the disparity would be if the comparison were made, not with a favored group, but with all the wage-earning class. Chiozza-Money shows, also from the Board of Trade returns, that the rise in wages in some of the leading occupations (chiefly the more skilled) from 1895 to 1910 was 12 per cent, while the rise in retail prices was 18 per cent. In the same period the average income of the income tax-payers (those who receive over £160 a year) increased from £698 to £937, a gain of 34 per cent (though some part of this may be deducted for better tax collection at the later date).<sup>2</sup>

But this is by no means the worst of the situation. The worker is interested, not in the average income, but in the total income, of the upper class. It means little to him if the number of those receiving the larger incomes has increased; on the contrary there are just that many more getting what under a juster distribution would be largely his. The total income of these upper classes in-

creased (without allowing for better collection) nearly 55 per cent. So that the higher incomes in Great Britain advanced from 1895 to 1900 about four times as fast as the pay of the wage-earners.

A second method of gaining a general idea of the changes in the annual distribution of income is to compare profits with wages. There are no reliable figures in this country as to profits, but the Census gives us the figures of the chief factors upon which profits depend. It is found, for example, that the "total increase added to values by manufacturing from 1904 to 1909 amounted to 35 per cent, while the increase of the number employed was 21 per cent. Now if the employees received even a pro rata share of these increased values—thereby leaving the distribution of the product on the same unequal basis as previously, wages should have increased 11 per cent in the five years from 1904 to 1909, whereas the statistics of the Bureau of Labor indicate that, of forty-one registered industries studied from 1890 to 1907, forty registered an average rise in wages of 5 per cent, while only one showed an average increase of more than 11 per cent for the seventeen years (and that one industry, Cotton Goods, showed an increase of only 12.9 per cent), and the Bureau shows the cost of living rose nearly 25 per cent for that period. Of the 50 trades studied from 1907 to 1912—when the cost of living rose another 25 per cent—the Bureau shows only two trades that increased materially faster. One trade showed an increase of 40.7 per cent, and one other an increase of 26.6 per cent—practically identical with the rise in the cost of living. The wages of the large majority of trades (36 out of 50) increased less than 15 per cent in the five years.

Or if we compare the increase of values added in manufacturing *by each worker* from 1899 to 1909 we

find it rose from \$1,026 to \$1,290, an increase of nearly 26 per cent. Yet the Census shows that per capita wages increased during this period only from \$426 to \$519, a rise of only 20 per cent.

If we study separate industries we get similar results. Let us take the Steel Trust, for example, which covers such a large part of the steel industry. The figures given by its president, James A. Farrell, show an average rise of wages from 1902 to 1912, from \$716.88 to \$856.70, an increase of less than 20 per cent, while the cost of living rose nearly twice as fast. The increase of profits, in the meanwhile, are not to be measured in the ordinary way. As in the railways, mines, the lumbering and many other industries a large part of the profits are invested not to secure present returns, but to secure a steady increase of future profits. The common stock issue of the Steel Trust has been called an "economic crime" on which no profits would have been paid—the full value of the corporation, under competitive conditions, having been represented by its bonds and preferred stock. But now, as the editorial writer of *The Saturday Evening Post* remarks, this water is being *solidified*. To pay interest at all on such common stock is a perpetual handicap against higher wages and lower prices, and the corporation has expended \$175,000,000 in that way. But it has also expended \$425,000,000, out of earnings, for the purchase of additional property, for new construction and for the retirement of mortgage liens. All of which means a further increase of common stock dividends in the future. Such expenditures on behalf of profits, for the year 1912 alone, when added to common stock dividends would suffice, according to the calculation just quoted, to increase the pay of every employee from the president down by 25 per cent—or more than the total actual increase of wages for the ten year period.

Our increasing wealth, however, has not gone chiefly to the trusts, banks, and railways, nor even to manufacturing generally but to agriculture. The chief element in the worker's diet is food, which often takes fifty per cent of his total income and rarely requires much less than forty. Now the wholesale prices of agricultural products, as shown by the Bureau of Labor, have risen far more rapidly than other prices. And the fact that the farmer has obtained a large part of this rise is shown by the doubling of the value of his land in ten years (1900-1910). It is true that the amount which has gone to the average farmer is not very large, certainly not more than society can well afford to pay for his labors, but it means a very great proportional increase, far greater than that of the wage-earners, whose incomes were even smaller to begin with. The farmer's income is still largely to be allotted not to profits but to wages, *though if the present tendency continues he will soon be far more a small capitalist than a wage-earner.*

The fact that a part of the successful farmer's prosperity may be attributed to an increase of wages for his labor merely shows how similar his position is to that of the rest of the classes of the same income-level, \$1,000-\$4,000 a year. The very small shopkeeper or business man is obviously in an identical situation, both as to his profits and his self-paid wages. And so also are the salaried and professional classes. The farmers and small business men have used their small capital to secure for themselves not so much profits as an exceptional wage. The professional and salaried classes have used their small capital to secure educational and professional training and professional opportunity, for which they are paid wholly in the form of an exceptional wage (I shall discuss those privileges that are due to exceptional opportunity in the next chapter).

Now the middle classes, those which receive an income from \$1,000 to \$4,000, are so much more numerous than the wealthier classes, that any considerable percentage increase of their income draws much more heavily from the national funds than does an even more rapid proportional increase in the income of the wealthier. And they are rapidly gaining control of the government and learning to use it for their financial benefit—which, as I have shown, is the chief meaning of the progressive movement. The result of this political change must be a still more rapid increase in their numbers and prosperity in the near future, until they constitute by far the greatest burden on the wage-earners and other classes of the lowest income-level. I have indicated that the per capita income of the middle classes is probably increasing as fast, if not faster, than that of the upper classes, i. e. the well-to-do, the wealthy, the millionaires and multi-millionaires (taking all these together as a single group). But, even if it were not so, the total income of the middle-class (their average income multiplied by their numbers) is surely increasing even more rapidly than the total income of the upper classes.

But there are several policies by which the statesmen of small capitalist democracies claim they will reverse these tendencies and give the wage-earners and the masses generally a fairer share. One method is to bring down the prices of articles of general consumption, to reduce the cost of living for the masses. Another is to increase wages by minimum-wage boards or compulsory arbitration.

The various proposals for reducing the cost of living or at least checking the rise in the cost of living, from the reduction of the tariff to the fixing of the prices of monopolies are all in the line of progress. But they do not necessarily tend to a more just distribution of the



national income. Such reforms would bring more order and stability into our economic life, and would cut down the profits from special privileges. But they would not interfere with the basic privilege I have been describing—the ownership of private capital or the possession of an occupation secured through an expensive and privileged education, i. e., through the ownership of private capital.

Many of those who view economic and political questions from the standpoint of the wage-earners have clearly realized the subordinate importance of the cost-of-living problem to this class—when separated from the wages problem. The fact is that, unless minimum wages are fixed, wages in the long run tend to adjust themselves to the cost of living. The editor of Pearson's magazine, for example, points out that any fall in the cost of living due to a reduced tariff will be followed by a corresponding fall in wages and that then the masses will say to President Wilson: "You did not know what you were talking about. You said a lower tariff would help us. It has not helped us at all. The cost of living is less, but wages are less."<sup>3</sup> We are working at the same old jobs, living in the same old houses, eating the same kind of food, and at the end of the week are 'broke,' precisely as we always have been."

And Debs bases his views of the tariff on the same grounds: "The tariff is a capitalist issue and not a working-class issue, and so far as I am concerned the capitalists, big and little, trustified and otherwise, will have to fight it out among themselves." [See Appendix B.]

Neither Debs nor any other influential Socialist would deny that the small capitalists' reduction of the tariff is along the line of progress, but it is a kind of progress that the small capitalists will take care of (see Chapter II). It is true that the German Social Democrats are ardent free traders, just as the Australian Laborites are

ardent protectionists—both for local reasons. But Socialism makes of tariff reduction a very subordinate issue in spite of its effect in lowering the cost of living. The fact that wages have very soon fallen when the cost of living has fallen to any marked degree, and that they now rise, on the whole, almost exactly as the cost of living—sometimes faster, sometimes slower, shows the correctness of this view. [See figures already quoted in this Chapter.]

Let us now see what effect on the relative sums going to profits and wages may be expected from the minimum wage legislation. The first thing to be noted is that the wage fixed is as a rule no higher than that already paid by the largest and most efficient establishment. So we find Winston Churchill stating as a ground for the present British law that the “best employers are already paying wages equal or superior to the probable minimum which the Board of Trade will establish.”<sup>4</sup> Similarly employers of Victoria favor their wage law because “it has forced their rivals to adopt the same scale of wages they are themselves obliged to pay.”<sup>5</sup> And when the law went into effect in Great Britain, the same observer reports that the increases in the lace industry “were based on what the best employers in the trade had tried in vain to have adopted by voluntary agreement.”

And what were these wages paid by the “best” employers but “efficiency” wages? That this is the basis of minimum wage decisions has been clearly recognized in the present agitation in America. Professor H. R. Seager argues that the employers would on the whole have to charge higher prices as a result of such decisions. But “the loss to the community consequent on higher prices would be more than made up by the improved health and efficiency of the workers still employed and by the stimulus given to wise plans of social betterment.”<sup>6</sup>

Professor Seager here refers to the fact that those workers whose efficiency did not increase with their wages would no longer be employed. So that wages are only increased in so far as efficiency and profits are increased—and it is evident that such a reform in itself would not lead in a million years to any distribution of the nation's income other than the present one. And this is why even such conservative organs as *The New York Times* seem mildly to favor the law. It is also recognized by the conservatives that it would devolve on the state to do something immediately for those forced into unemployment, and to guard against such inefficiency in the future by industrial education and provision for indigent widows and orphans, and for the superannuated and defectives (unemployable), the social reforms to which Professor Seager refers. But I have shown that such reforms, like the minimum wage, are—in the long run—profitable in themselves, and that if they are brought to pass sooner by the enactment of a minimum-wage law this only serves further to recommend it to efficient employers and capitalist statesmen.

The present Massachusetts Minimum Wage Board is called upon by the law creating it to act when the wages received by employees are "insufficient to supply the necessary cost of living and to maintain them in health." And it is evident that an industrial community cannot as a whole and in the long run make as great profits out of unhealthy as out of healthy employees. As the Chairman of the Board writes (in the article above quoted):

"It requires no legislative enactment to persuade a man to give his horses enough to maintain them in such condition of health as to make it possible for them to do effective work. The reason is perfectly obvious. If one does not feed a horse sufficient to keep him alive, he will die. If he dies, one must lay out good money to get a

new horse. Therefore, it is obvious that it pays to keep one's horse alive. But if a girl dies or drops from the ranks, broken down, it costs nothing to replace her beyond an inexpensive advertisement for help."

Such behavior may pay the speculative employer, or even a whole "parasitic" industry (one in which the workers are really maintained either by other members of the family working in other industries or by the community), but it cannot pay employers as a whole, who rely ultimately on one labor supply.

Under compulsory arbitration—as distinct from minimum wage boards—the wages of skilled labor are also fixed by law—and such wages are already above the subsistence minimum. Are these wages ever increased at the expense of the profits? According to the opinion of the Australian Labour Party they are not. For the present program for the fixing of prices, which that Party promises soon to carry into effect (notwithstanding its recent slight electoral reverse), is based on the fact that the rise in the cost of living eats up practically all the increase of wages granted by the governmental board—except in the case of the minimum wage of the poorest paid—which I have just discussed. In the first place the wages of the skilled are raised as a rule only as the cost of living rises. Then the employer passes the increase along to the consumer in the shape of higher prices which result in a further rise in the cost of living.

The remedy of the Labour Party is that prices should be fixed as well as wages—though it proposes only to extend this principle to trust products and specifically exempts from its proposed price-fixing the most important element in the cost of living, the products of the farm. And now Senator Works of California advances the same principle in this country. In both cases the law

is proposed for the express purpose of cutting down certain very excessive profits only.

If carried far enough it would be a direct method of reversing the present tendency, by which the national income is distributed more and more unequally year by year. [See Chapter XVI.] But if carried out only against the trusts, which is all that is now proposed and all that can be done as long as a small capitalist government, largely composed of farmers, is in power, it would mean an enormous benefit to the small capitalists and a much smaller benefit to labor, thus leaving labor a smaller *share* than ever.

This regulation of wages and prices is the anti-trust policy already proposed in this country by Roosevelt. Undoubtedly it is a promising line of advance, for the principle has only to be applied first to trusts, then to nationalized or municipalized industries, and, finally, to small employers and producers, in order to lead rapidly to an economic democracy. But at present it is only a part of the anti-trust and government ownership movement already described.

What is most likely to happen is that the small capitalists, becoming more and more radical, will endorse the principle of the regulation of all prices—as *an ultimate goal*—but practically will confine themselves to lowering the prices of the things they buy, using the full powers of government (by indirect means, such as tariffs) to keep up the prices of the things they sell. The endorsement of general price regulation *as an ultimate goal* will bring a number of idealists and radicals to their aid, without embarrassing them in the least, since the regulation of the prices of their own products will be declared impracticable—at least for our generation.



## CHAPTER V

### "EQUAL OPPORTUNITY"

PRESIDENT TAFT, after presupposing that all the reforms of the reformers were enacted, asked:

"What then? Votes are not bread, constitutional amendments are not work, referendums do not pay rent nor furnish houses, recalls do not furnish clothing, initiatives do not supply employment or remedy inequality of conditions or of opportunity. We still ought to have set before us the definite plans to bring on complete equality of opportunity. . . . We listen for them in vain."

Equal opportunity means a chance for individuals to compete with one another on equal terms. It is conceded by all democratic statesmen and publicists to be the basis of democratic society. Some of these contend that we already have equal opportunity; but the majority say only that we are approaching it, and that with the great reform program now being put into effect this approach will be as rapid as is practicable.

Undoubtedly the *total* amount of opportunity in every advanced country is increasing faster than population, just as income is increasing faster than population. Nor can it be questioned that a larger and larger *proportion* of the population are being given an equal opportunity to compete for the more desirable positions and larger incomes, just as a growing number actually acquire both the middle and the higher incomes.

But the deeper question is not whether there are more and more people on top, but whether the distance between the upper and the lower classes is growing greater or less. I have answered this question as far as income is concerned. How is it, now, as to opportunity? Are those who are now being increasingly admitted to equal opportunity chiefly the children of the middle-classes, of those having incomes from \$1,000 to \$4,000? And if the new reform program proposes to open these same opportunities, in some measure, to the children of the poorer classes, will they be extended to all these children or only to a minority, say the most talented tenth? And, if this last mentioned policy is adopted, will it not result in an increase of the profits of private capital and of the capitalist state (and so of middle and upper class incomes and opportunities) great enough to more than balance the gain of opportunity to the lower class? If so then the final result of this limited increase of opportunity for the masses will be to increase the existing disproportion between the opportunities and incomes of the masses and those of the classes, and to still further widen the gulf that divides them, in a word, to make opportunity more *unequal* as between them.

If equal opportunity for *all* were to be secured by the gradual increase in the numbers of those who enjoy such opportunity, then we are undeniably progressing in this direction to-day. Indeed, admirers of the existing social order have claimed that this gradual increase of the prosperous until ultimately all may be included—the masses remaining in the meanwhile little better off than before—is *the law of progress of present society*. Sir Robert Giffen, the eminent British statistician, for example, showed, as early as 1884, that the numbers of the British upper and middle classes formed a much greater proportion of the population than they had half a

century before. There can be no doubt that this tendency has continued since 1884, nor that it holds also of all other advanced countries as well as Great Britain. But the rate of progress shown would require many centuries before it established equal opportunity for the whole population. And I shall indicate that, while the new reforms may considerably accelerate the rate, they will not change the character, of this evolution towards social democracy. It would, doubtless, still require many generations for this kind of evolution to reach its logical conclusion and include the whole population in its benefits. But, unfortunately, long before it reaches the whole population it will apply to a majority, and this majority will have every temptation and opportunity to attempt to check even this halting form of democratic progress, and to endeavor to pass its privileges on to its children and make of itself a ruling caste. (For the probable outcome of this attempt see Chapter VII.)

At present the progress of society may be analyzed into the following elements:

(1) The increase in the proportion of the nation's income that falls to the middle class. This disproportionately rapid rise of the middle class inevitably cuts down the rate of advance of the other two classes. Up to the present the lower class has been the chief loser. But taxation of the upper class and expenditures partly for the benefit of the lower class soon promise to shift the chief loss to the former.

(2) The increase of the proportion of the population admitted to the privileges of the middle class.

(3) The steady and continuous improvement of the condition of the lower class—or, as I have usually called it, the masses. This improvement will be most rapid when labor is being put for the first time on an efficiency basis, and much slower afterward. But it can never

altogether cease and like the two former kinds of progress it can never give labor a larger share of the product. Perhaps some isolated measures might seem to have this equalizing tendency. But on closer inspection they prove to be only detached fragments of a program which *as a whole* promises to repay to the rest of society all it expends on labor—and to leave a handsome profit as well. This is neither equality of opportunity for all nor an approach to such equality of opportunity. Indeed it is impossible to show that it is even a movement in that direction, until there is a radical change in the above "laws" of progress, that is, a radical change of the very direction in which society is now moving.

Yet we find that all our democratic statesmen acknowledge the principle of equal opportunity as the very foundation of every progressive democratic community. Indeed it is impossible for anyone who is not an advocate of a caste society to take exception to it. Nor has it any vagueness whatever like such phrases as "social justice," "democracy," or "industrial democracy." In the United States, Roosevelt, Wilson and even Taft have endorsed it explicitly and unmistakably. That is, they have shown that they know just what it is and that they approve of it without qualification. At the same time it serves to condemn their own political philosophy. For, as soon as they begin to discuss it, they show just where their principles fail even to point in the direction of equal opportunity—to say nothing of their actual policies, which are, of course, much more opportunistic than their general principles. Roosevelt, indeed, has even qualified the principle by saying that he wishes merely "to start all men in the race for life on a *reasonable* equality."<sup>1</sup> (My italics.)

That Roosevelt and the Progressive Party in this country do not in truth aim at giving equal oppor-

tunity to non-capitalists, and are also very leisurely about improving the position of the non-capitalists absolutely—to say nothing of giving them even a moderately larger *share* of the product—is seen in a recent declaration of the ex-President.<sup>2</sup> Roosevelt advocates, in his Century article, not a more *equal* division of material well-being but a “more *general* division of material well-being.” He says that the *very rich in the future* shall not become so *very* rich. But the *merely* rich or well-to-do are not mentioned. “The men without capital” are specifically mentioned as deserving better than they get, but nothing is said about their claim to an equitable share or an increasing share of the product. It is only to be made “easier” for them “to lead a life of self-respecting and hard-working well-being.” This is very far from demanding in their name a growing share or even a fair share of the product. The wage-earners are not to be given a share in the profits, but are merely to be guaranteed such a minimum of life as others consider good for them.

The Chairman of the Progressive Convention, ex-Senator Beveridge, shows (in the article above quoted) that the Progressives intend equal opportunity *for the masses* only as to health and strength, but by no means as to wealth and education:

“We Progressives believe it is of far greater consequence that children shall grow into normal human beings, with an equal chance with other human beings, *so far as health and strength are concerned*, than that the industries which employ these children should make larger profits because of their employment.” (My italics.)

The Progressives want to give every child an equal opportunity with every other child “so far as health and strength are concerned.” They by no means propose



to give them an equal opportunity as far as wealth and education are concerned. Yet, in the same article, Beveridge says that the Progressives feel that the laborer has been made a laborer by "the accident of birth or fortune," a proposition which admits that the laborer's position has no general connection with inferior native ability. The inequality of position, then, is socially unjust, though it is attributed by Beveridge to accident and not to environment, to birth and fortune, and not to society and its institutions!

President Wilson has been still more helpful in exposing to our gaze the real underlying motives of our small capitalist rulers. In that marvellously candid and illuminating book of his (already quoted) he explains with the utmost precision the function of "equality of opportunity" in progressive politics and so shows us what to expect in the future. Let us begin, however, with two phrases from his Inaugural (not included in the book):

"Equality of opportunity [is] the first essential of justice in the body politic," and "the firm basis of government is justice, not pity."

Taken together these phrases say: "*Equality of opportunity is the firm basis of government.*" Now Wilson knows perfectly well what real equal opportunity is, since he accurately defines it. In this country, he says, "no man is supposed to be under any limitation except the limitations of his character and of his mind; there is supposed to be no distinction of class, no distinction of blood, no distinction of social status, but men win or lose on their merits." And again he says that the thing he demands fundamentally is that everyone should be free and "should have the same opportunities *everybody else* has." (My italics.) Nothing could be more explicit—in the abstract.

Wilson has also made some unqualified declarations of economic democracy, as in the following apostrophe to the trust magnates: "We do not deny your integrity; we do not deny your purity of purpose; but the thought of the people of the United States has not yet penetrated to your consciousness. You are willing to act for the people, but you are not willing to act through the people. Now we propose to act for ourselves."

This brings us to ask the practical and crucial question: Who does Wilson really wish to govern the country, and to whom does he really plan to give "equal opportunity"? To this question also Wilson has furnished several very clear answers. He identifies "people of the United States" with "the men who are sweating blood to get their foothold in the world of endeavor," and are endeavoring "to start a new enterprise." And again, "the ordinary men" and "the unknown masses" are identified with this "man who is on the make." He says he wants to give his chief energy to promoting the growth of small towns such as he has "seen in Indiana," because they own their own industries, evidently thinking chiefly of the relatively few individuals who actually do own the industries even in these small towns, and completely ignoring the overwhelming majority who now, as in the past, own nothing aside from the houses they live in, and often not even those. Undoubtedly a certain proportion of the small business men of the small town have risen from below. But even this occurs far less frequently than it did half a century ago, while the proportion of small towns in this and every other country is constantly growing less.

The central point in Wilson's program of economic democracy and "equal opportunities," as he himself says, is to remove the limitations of "private enterprise" so that "the next generation will be free to go about making

their own lives what they will," again limiting his attention exclusively to the middle classes which have the capital, the opportunities, or the educational privileges required, in ninety-nine cases out of a hundred, for commercial success—even in the smallest private enterprise. Small businesses, he nevertheless insists, are to be provided *for the whole population*: "The genius and initiative of all the people" are to be called into the service of business, and the new generation is to be able to look forward "to becoming not employees but heads of small, it may be, but hopeful, businesses!" In other words, the *fundamental* principle of Wilson's social philosophy is the same as that of Abraham Lincoln, conceived half a century ago! He is a "small capitalist" in his thought, and cannot imagine any nation or government except one of small capitalists. But, as he is a loyal and honest small capitalist, he has already made admissions which are fatally inconsistent with this individualistic philosophy (as I have shown in Chapter II) and events will soon push him over bodily into the State Capitalist camp. He has learned nothing from a half-century of world-history or a quarter-century in writing about it. But he will learn much from three more years as President of the United States.

When Wilson refers to equal opportunity, he goes so far on several occasions as actually to identify it in so many words with "equal business opportunity," i. e., equal opportunity for those who have the capital or other requirements needed to set up in small business! Nor does he stop here. This small capitalist class is to be given control of the government. According to Wilson we have had a government of large capitalists. We are to have a government of small capitalists. We here come to the center of his social philosophy:

"The first and chief need of this nation of ours to-day

is to include in the partnership of government all those great bodies of unnamed men who are going to produce our future leaders and renew the future energies of America." Nothing is said about including the masses in "the partnership of government."

If we seek for a more exact and concrete illustration of this position we may, perhaps, get it from Vice-President Marshall's defense of his inspired remark that two-thirds of the people of this country were probably ready to confiscate all inheritance greater than \$100,000. The following is his statement<sup>3</sup>:

"The *people* were told in the last campaign that trusts were a natural evolution, and that the only way to deal with them was to regulate them. The people are tired of being told such things. What they want is the kind of opportunity that formerly existed in this country.

"This is the kind of business against which the people are complaining. They are being told that there are just as many opportunities to-day as ever before; that there are any number of jobs ranging from \$10,000 to \$20,000 waiting for the capable man. It may be that a very able man might not want to earn \$20,000 working for the steel trust, however. *He might prefer to start a little rolling mill of his own*, so that he would be independent and his own master, even though he made but \$5,000 a year. *It is such opportunities as these* that many men are saying are denied to them." (My italics.)

Here again we learn who "the people" are. They are "the men on the make," to quote Wilson, or those who "might want to start a little rolling mill of their own," as Marshall expresses it.

Wilson's law of social progress is: "Every country is renewed out of the ranks of the unknown, not out of the ranks of those already famous and powerful and in control." He should have said rather that every country

is renewed *in part* out of *certain* of the ranks of the unknown, since he knows enough history to know this to be the fact. The overwhelming majority of people in the best positions of society, as he well knows, are the children of those who are already well up in the social scale, and even those few who are recruited from lower classes very rarely come from the working class itself, but rather from some section of the lower middle class.

Wilson says he looks forward to the time when "there will constantly be coming new blood into the veins of the body politic; so that no man is so obscure that he may not break the crust of any class he may belong to, may not spring to higher levels and be counted among the leaders of the state." The fact that a few individuals who are not born among the upper class may be admitted to it seems to be an ample justification, in Wilson's mind, of the whole social system. Just how many persons are elevated and what chances the rest have seem to be secondary considerations. Wilson's law of progress merely provides for enough new blood to keep the top of society vigorous and to allow it to continue its rule permanently, *as he admits himself* when he confesses in the passage I have quoted elsewhere that very few persons actually do rise. (See Chapter VII.)

But ours is an age in which industry and science are having more and more to say directly—even without the intermediation of industrial statesmen. Let us listen, then, to an industrial engineer, the best known promoter of the "scientific management" of labor, on this question. Taylor says that the maximum prosperity of the employer (and under our present social system the maximum prosperity of the employee also) is to be secured only by "the development of each man to his state of maximum efficiency, so that he may be able to do, generally speaking, the highest grade of work for which his



natural abilities fit him" and by "giving him, when possible, this class of work to do." <sup>4</sup>

Here we have equal opportunity assumed as the basis of the maximum efficiency of industry. And the principle is formulated in a more scientific, that is a more economic and a less political, manner than in the previous quotations. Equality of opportunity means just this, to prepare every man for "the highest grade of work for which his abilities fit him" and "to give him, when possible, this class of work to do." And this possibility exists wherever society has this class of work to be done. That is the only limitation that is admissible. Of course Taylor has only employees and their children in mind. Apply the principle to all children alike and we have a social democracy.

Indeed the demand for equal opportunity for all children is doubly justified and is the most practicable way to really extend the policy to the whole population within a single generation. On this point, I believe, I cannot do better than to quote a paragraph from my "Socialism as It Is" (with slight changes) :

"It may be that the economic positions in society occupied by men and women who have now reached maturity are already to some degree distributed according to relative fitness, and that, even though this fitness is due, not to native superiority, but to unfair advantages and unequal opportunity, it may be that a general change for the better is impossible until a new generation has appeared. But there is no reason (except the opposition of parents who want privileges for their own children) why every child in every civilized country to-day should not be guaranteed by the community an equal opportunity in public education and an equal chance for promotion in the public or semi-public service (which soon promises to employ a large part, if not the majority, of the community). No believer in equal opportunity or

democracy can see any reason for continuing a single day the process of putting the burdens of the future society beforehand on the children of the present generation of wage earners, children as yet of entirely unknown and undeveloped powers and not yet irremediably shaped to serve in the subordinate rôles filled by their parents."

Equal opportunity for children, indeed, promises to be the first principle likely to secure general acceptance which passes beyond the program of the "progressives," i. e., the State Capitalists, or even that of the State Socialists (to be described in later chapters). The principle is irresistible in its justice and can only be covertly fought; it will be resisted, therefore, entirely on so-called practical grounds. Vast sums of money will be granted for every form of governmental expenditure but not for this one—the supreme importance of which most people already admit.

Indeed, there is a branch of reform now in existence, which seems already to be based scientifically on equal opportunity for children, though, practically of course, like all the other social reforms of our period, it is directed primarily for the benefit of employers. Vocational guidance is to form a sort of bridge between vocational education and the reforms that aim to make the adult employee more efficient. Professor Hugo Munsterberg says that scientific vocational guidance is based upon "the creed of democracy" that "*just as everybody can be called to the highest elective offices, so everybody ought to be fit for any vocation in any sphere of life.*"<sup>5</sup>

The principle has also been ably advocated by one of our leading editorial writers, Dr. Frank Crane, of the New York Evening Globe.<sup>6</sup>

"Without democracy among children," Dr. Crane points out, "there is no democracy at all." For the inheritance of wealth and of exceptional educational op-

portunities gives certain individuals not merely an unfair income and a privileged position, but also "a power of government, of rule." All children will have equal opportunity, Dr. Crane believes, in the society that is approaching. Nor need the coming be longer delayed: "A nation of rational people, such as America, could, by conscious effort, use its common sense to give its entire youthful population a chance.

"In other words, it could withdraw every boy and girl, until the age of twenty-one, from the economic struggle, put them in school and give them a fair start, well trained for life.

"If we should do this we would progress, in intelligence, prosperity, and peace, more in thirty years than, without doing this, we shall progress in two hundred years."

This reform—for, notwithstanding its high cost, it is a reform, costing no more than some others—would also be a revolution. It would change the whole structure of society. Hereditary privileges and semi-hereditary classes would disappear with the present generation. Only continually changing social groups would divide society, and these could not serve as a basis for class rule, since those persons constantly advanced on real merit would still have their relatives and associates largely in other social groups.

Now let us see whether "progressive" modern governments—state or national—are even making an *attempt* at giving the children of the masses the same educational opportunity as the children of the upper and middle classes, or whether they are at the bottom impelled by the contrary policy and are trying to monopolize for their own children, as far as practicable, all of that education which is more and more indispensable for all the higher positions in the professions and government ser-

vice. These “progressive” governments, though truly and wholly progressive when compared with the plutocracies that preceded them, are, without exception, in the hands of small capitalist and middle class majorities, and it only verifies all we know of *average* human nature throughout all history if they continue to use their political power, first of all, to provide for their own children and, second, to give to the lower classes either (a) what is left over, or (b) an equal chance to compete for those very exceptional positions only which are so important in themselves that they must be filled by the most able applicants from whatever class they come.

We could thus divide the *higher* professional and civil service positions in “progressive” societies into three parts:

(1) The lowest group of these desirable positions, being composed of the least desirable, would probably not be entirely filled by the children of the middle and upper classes. Whatever the number of these positions that is left over after the middle and upper class children have all been provided for, that number of the children of the masses will be given enough educational opportunity to fill these positions, but no more. For example, if half of these positions are left unfilled after all middle and upper class children are provided for, perhaps the most able five per cent of the children of the masses might be fed, clothed and housed at public expense (being chosen by means of a system of competitive scholarships) throughout the secondary school period—this being the only practicable way they could get the technical, normal, or other education required.

(2) A second and better group of positions would be almost wholly the monopoly of upper and middle-class children. Requiring a higher education—corresponding to the university and professional schools—

parents seeking these superior positions for their children would have to feed, clothe, and house them for a period covering not only these years but the purely preparatory secondary period that must precede it—a total of from 8 to 11 years. And even then several professions leave the beginners for several years with little or no income. A more effective method could not be devised of excluding 99 per cent of the children of the masses, while leaving the door open to all the children of the upper classes, and perhaps to a majority of those of the middle classes—which latter proportion new progressive governments will doubtless extend, until practically the whole of the middle class has this degree of opportunity and those born in its ranks need drop back into the first mentioned group of lower paid positions only when they show inferior ability.

(3) A third group includes positions of such extreme importance in increasing the national wealth (and so extremely important in increasing the incomes of the upper and middle classes) that they cannot consider these positions merely as "jobs" for their children, but seek the best talent they can from whatever class. So, of the five per cent of the working-class children above mentioned (or whatever the figure may prove to be) who have been promoted to the first-named group, all that show *extremely* exceptional talents will be given a higher education also—that is, will be maintained entirely at public expense. For the direction of government departments, railway presidencies, etc., are positions too important to be filled by any but the most able.

But, if we judge by present indications, it will be a long while before the lower-class children promoted, even to the least desirable higher professions, number one per cent of all working-class children or five per cent of all students in higher institutions of learning. New York



State has just provided 3,000 scholarships to higher institutions of learning. The number of scholarships is still far under the proportion just mentioned. But this is not the worst of the situation. All the progress there is for many years will doubtless be taken up with making the amount of scholarships more adequate rather than with increasing their number. The present amount is \$100 a year and is to go towards tuition fees alone. But \$400 more, at least, would be required for maintenance.

There are two ways in which we may pursue the enquiry as to whether we are either *approaching* equal educational opportunity or even making an *attempt* in that direction. We may enquire both as to the quantity of free education and as to its quality. And we may make comparisons in each instance with private education or with the education in “free” or public institutions which, for practical reasons, only middle and upper class children are able to take advantage of. Let us first examine the changing *quality* of public education, together with the reforms now being proposed.

Employers naturally regard working-class children as they regard the working-class. They are a source of future profits and are to be improved and made more efficient as far as the cost is distinctly less than the promised return. The employers’ interest requires, first of all, that a sufficient number of the children, the overwhelming majority, should neither rise, nor seek to strenuously rise, above the rank of skilled labor. It is not sought, then, to develop their powers for “the highest grade of work for which their abilities may fit them.” This would be done only *if the efficiency of the nation were in view*, and not merely the employers’ interest. As the upper and middle classes fill the most important positions to overflowing, only a few of the workers’ children are held to be needed for such purposes, as I

have shown. But as many as possible are needed as laborers.

A reforming employer, Mr. George H. F. Schrader, has written a pamphlet in which he regards the child as "the State's best asset." Speaking, of course, from the employer's standpoint, Mr. Schrader makes the following typical calculation:

### THE SCHOOL CHILD AS AN INVESTMENT

The value of a child, 15 years of age, being \$2,500, New York City's 700,000 elementary school children represent a capital value, at that age, of.....	\$1,750,000,000
The cost to the City of educating these children in the ten preceding years, at \$293 per capita.....	205,100,000
Profit on the investment=88%.....	\$1,544,900,000

An unusually low figure is here placed upon the child as a financial asset. But it may be seen that if employers can find a way to make education double the child's output, or even increase it fifty per cent (a very common result of training), it will pay them to expend several times as much as now for the public schools—provided they can control the character of the schools. Certainly an expenditure of *five times* the present amount, if it were expended effectively and exclusively along the lines employers desire, would still yield a handsome and safe profit of 100 or 200 per cent (see below).

Indeed vocational training is so important to employers and governments that foreign nations and even some American states, which would not dream of establishing enough *maintenance* scholarships to enable the children of the masses to compete on equal terms with those of the classes for higher professional positions, are subsidizing it with vast sums. Germany has gone very far in this direction and now Great Britain is following. Massachusetts gives to each locality, for vocational train-

ing, an amount equivalent to all the locality pays for this purpose, and since 1907 the movement has been spreading rapidly in other states. The agitation for national aid to agricultural and industrial education promises soon to sweep all before it. Indeed this movement seems bound to absorb more money than all the other labor and "communistic" reforms put together. In a sense it is the very foundation of the whole social reform program.

At the same time the outcry is becoming more and more insistent that the professions are overcrowded. And, in order to keep salaries up, the only possible way is to "raise the standard," and so automatically to restrict the number of those that can enter such employments. But, if the required standard of educational preparation is raised without requiring any additional expense to the student, only a very small decrease of students is noted. The effective method, then, is to greatly lengthen the time (and expense) required. This in effect cuts out workingmen's children entirely. In Germany the upper classes are brutally honest about this thing. Elmer Roberts, who admires German society, thus states it:

"While the ministries of education and commerce seek to stimulate the children of those on the lowest levels to become skilled workers, the effort is also made to prevent too many from going into the higher technical fields, because Germany cannot give opportunities to the thousands graduating yearly from the technical universities." 7

It is in this same spirit of class education that ex-President Eliot now frankly advocates a three-class school system, one for the lower class, another for the middle class, and a third for the upper class. Dr. Eliot strangely asserts that this plan is not undemocratic pro-

vided the transition from lower to upper class schools is made what he calls "easy." *But the door only opens one way.* There is no provision for inferior students in upper class schools to pass down to the lower. Moreover all the children of the upper classes go to upper class schools or Dr. Eliot wouldn't use that term for them. Moreover, he contemplates the promotion only of a certain per cent of lower class children—and as he lays no weight on maintenance scholarships it would be practically a very small per cent.<sup>8</sup> As I have said:

"Democracy does not require that the advance of the child of the poor be made what is termed *easy*, but that he be given an *equal* opportunity with the child of the rich as far as all useful and necessary education is concerned. Democracy does not tolerate that in education the children of the rich should be started at the top.

"Those few who do rise under such conditions only strengthen the position of the upper classes as against that of the lower. Tolstoi was right when he said that when an individual rises in this way he simply brings another recruit to the rulers from the ruled, and that the fact that this passage from one class to another does occasionally take place, and is not absolutely forbidden by law and custom, as in India, does not mean that we have no castes. Even in ancient Egypt it was quite usual, as in the case of Joseph, to elevate slaves to the highest positions. This singling out and promotion of the very ablest among the lower classes may indeed be called the basis of every lasting caste system. All those societies that depended on a *purely* hereditary system have either degenerated or were quickly destroyed. If, then, a ruling class promotes from below a number sufficient only to provide for its own need of new abilities and new blood, its power to exploit to protect its privileges, and to keep progress at the pace and in the direction that suit will only be augmented—and *universal* equality of opportunity will be farther off than before.

Doubtless the numbers 'State Capitalism' will take up from the masses and equip for higher positions will constantly increase. But neither will their opportunities have been really equal to those of the higher classes, nor will these opportunities, such as they are, be extended to any but a small minority." <sup>9</sup>

It is certain that there is already a considerable movement in the direction of Dr. Eliot's proposed three-class school system. The tendency to class division in the past has arisen chiefly from the inability of the poor to keep their children long in school, and from the unwillingness of taxpayers to pay much for the education of non-taxpayers' children. But this tendency is now being immensely hastened in the interest of employers.

"In 1910, of nineteen million pupils of public and private schools in this country, only one million were securing a secondary, and less than a third of a million a higher, education. Here are some figures gathered by the Russell Sage Foundation in its recent survey of public school management. The report covers 386 of the larger cities of the Union. Out of every 100 children who enter the schools, forty-five drop out before the sixth year; that is, as soon as they have learned to read English. Only twenty-five of the remainder graduate and enter the high schools, and of these but six complete the course."

Dr. Eliot himself points out that, while there has been great improvement in the first eight grades since 1870, progress is infinitely slower than it should be, and that the majority of children do not yet get beyond the eighth grade.

"Philanthropists, social philosophers, and friends of free institutions," he asks, "is that the fit educational outcome of a century of democracy in an undeveloped coun-



try of immense natural resources? Leaders and guides of the people, is that what you think just and safe? People of the United States, is that what you desire and intend?" <sup>10</sup>

There can be only one answer to Dr. Eliot's question. There can be no doubt that actual equality in the "battle of life" was the expectation and intention of those who settled and built up the United States after our separation from Great Britain, as it has been of all the democracies of new countries.

But what are the conditions to-day? Dr. Eliot shows that while private schools expend for the tuition and general care of each pupil from two hundred to six hundred dollars a year, and not infrequently provide a teacher for every eight or ten pupils, the public school which has a teacher for every forty pupils is unusually fortunate.

"Is it not plain," he asks, "that if the American people were all well-to-do they would multiply *by four or five times* the present average school expenditure per child and per year? That is, they would make the average expenditure per pupil for the whole school year in the United States from \$60 to \$100 for salaries and maintenance, instead of \$17.36, as now. Is it not obvious that, instead of providing in the public schools a teacher for forty or fifty pupils, they would provide a teacher for every ten or fifteen pupils?" (My italics.)

I summed up the present public school situation in my "Larger Aspects of Socialism" (Chapter XII):

"The amount expended on the public schools, \$425,000,000, looks large, but it is not. It amounts to less than \$5 per capita. We expend an almost equal sum on militarism (army, navy and pensions), and immensely

greater amounts on several forms of luxury. The annual bill for alcoholic liquors is \$2,000,000,000, and for tobacco, \$1,200,000,000. Jewelry and plate take \$800,000,000, not to mention innumerable other luxuries which, when added together, would make a total of billions. Moreover, our consumption in many of these lines is increasing *faster* than the growth of the public schools. What satisfaction can we have, then, either in this rate of development or the insignificant total of expenditure now reached?

"And how are the nation's public schools advancing? We are told that the expenditures on common schools increased from \$220,000,000 in 1900 to \$425,000,000 in 1910. This sounds like an enormous increase. But we must remember that the increase of the number of pupils was 15 per cent. Then we must remember that it took about \$1.25 in 1910 to purchase the same goods that cost \$1.00 in 1900. In the meanwhile other governmental expenditures, aside from schools—for example, on army and navy, or, in the cities, on police—were increasing far more rapidly.

"When we try to find an accurate financial measure for what each child is getting we must ask first of all how many teachers there are in proportion to the pupils, or what fraction of a teacher each pupil secures? While the number of pupils has increased fifteen per cent., the number of teachers has increased only twenty per cent. If we take ex-President Eliot's standard, that the size of classes should be reduced from forty or fifty, as at present, to ten or fifteen, this means that we need three or four times as many teachers. At the present rate of progress this object would be attained in about one thousand years!

"If we can afford \$4,000,000,000 for three luxuries alone, can we not afford that sum to mould the human race of the next generation? Ten times the present amount expended, or \$4,250,000,000, which would be only one-seventh of our national income, is the very minimum

with which we should begin educational reform. Of course, this sum would include the maintenance at public expense of all children who showed any aptitude for the higher courses, and there would be a corresponding saving to parents. Part of the money needed could come from a heavy tax on ground rent, part from heavily graduated income taxes, and part from heavy taxes on luxuries such as those mentioned, tobacco, alcoholic drinks, jewelry, etc."

There is, of course, a tendency for public school expenditures to increase. But I have pointed out not only that this increase is likely all to go in one direction (that which most benefits employers), but that the normal expenditures and growth in other directions are being cut short.

"While the demand of the people and of most educators is for a broader education for the masses than that we now have, the demand of business men is for a narrower one. The interest of the masses requires two kinds of educational progress, an improvement and extension of general education for all, and *after this* a special occupational or vocational training. The business community, who are also taxpayers, want less of the former kind of education and more of the latter. But it would be unpopular to confess this policy. It is easier to demand that all new expenditures shall be for vocational training, while resisting any considerable increase in expenditures for any other kind of education. Thus the normal growth of *general* education is automatically but effectively checked; there is some improvement, but only a small fraction of what is required and what the community can well afford.

"In the name of two principles, 'industrial education' and 'business methods,' the public schools are being commercialized," says Carlton. "Commercialization means reduced wages for the teacher, fewer educational 'fads'

or improvements, in short, reduced expense per pupil (and where it does not go this far it means checking normal development in all these directions). The antithesis is finance vs. education; the taxpayer vs. the child; special interests vs. society.

"The 'special interests' are not only the taxpayers, but the employers and capitalists. And the antithesis does not always mean an actual decrease in present expenditures. Carlton himself points out that a large part of the \$400,000,000 or \$600,000,000 spent on criminals might be saved to the taxpayer by better schools. If this is true the taxpayers, when better enlightened and organized, will not object to a certain increase of taxes for schools. Better schools might save equally large sums saved in better health, and as only \$450,000,000 are now spent on the common schools, the taxpayers may ultimately consent to very considerably increased expenditures.

"But this is only a small part of the possibilities. Most of the taxes are paid by capitalists or employers. If the industrial efficiency of employees can be sufficiently increased by schools, they might consent to allow several times as much money to be expended on them as at present. But there is a rigid limit somewhere to all increased expenditure that would bring a margin of profit to taxpayer or employer. It is when his limit is reached that we shall see the antithesis of 'the taxpayer vs. the child' and 'special interests vs. society' in its naked ugliness. The conflict exists to-day and is holding school progress back, when compared to what it would be were taxpayers and employers given no special consideration. But because there is a certain limited progress, and because these interests require this degree of progress, their reactionary influence is somewhat cloaked and escapes full exposure."

Yet the movement to make education exclusively industrial will surely first fulfill its legitimate function—

within a decade or two—and then go to such excesses as to cause a reaction. The community will in the meanwhile have advanced far on the other lines of radical social reform and the demand for equal opportunity for all children will become insuperable, the first point at which both progressivism and that "Laborism" I describe in later chapters will be transcended.

Already there are signs pointing in this direction. The Wisconsin legislature came very near, recently, to appropriating \$17,000,000 to enable every girl and boy in the state to get a higher education. And already newer communities, like Oklahoma, are slowly approaching a proper public school expenditure.<sup>11</sup> We have figures comparing public school expenditures to wealth. If we estimate the national income at about 20 per cent of national wealth, we can see approximately how much is going to the public schools. We then find that while the older states, like New Hampshire, are expending about one per cent of the income of their population on public education, states like Oklahoma are spending between three and four per cent. It does not seem improbable that genuinely self-governed communities will hesitate to double this amount before many years. And, if they do, it will not be long before they have reached a standard similar to the one I have given above. But it must be noted that the majority in these communities consists, without exception, not of propertyless wage-earners, but of small farmers, and that it is their children that are chiefly benefited. Such small capitalist communities, however, will furnish models of democratic education, and when their systems are applied to the non-capitalist masses of industrial communities, we shall be far on the road to equal educational opportunity. But more than one great struggle between the classes must intervene before that day can arrive.



## CHAPTER VI

### DEMOCRACY VERSUS MAJORITY RULE

DEMOCRACY has two widely different senses. It either means the rule of the majority, or it means this and something more. The rule of the majority, when that majority is always composed of the same persons, may become a tyranny, as in those slave-owning "democracies" where the slaves have happened to be less numerous than their masters. Now we have merely been striving towards majority rule, and have nowhere quite obtained it. We therefore take it for granted that, under that supposedly ideal government towards which we have been striving—a pure democracy, the majority would be a constantly shifting one, as it has often been in the past. This was the case in this country as long as the empire of free land in the West made everybody a potential small capitalist. The result was that nearly every element of the population found itself, sooner or later, a part of the ruling majority.

In such a form of democracy each member of the majority is considerate of the rights of minorities because he may belong to a minority himself some day. So, as part and parcel of our idea of democracy, have gone principles that go beyond mere majority rule, namely, the principles of liberty and of equality before the law. This means trial by jury and freedom of speech, press, and assemblage. And it is coming to mean

efficient political machinery that gives minorities every opportunity to make themselves heard and felt: proportional representation, direct legislation and direct popular control of constitutions, the recall of elected officials, etc.

Democracy in the narrower sense of majority rule means, in its practical application under present conditions, merely the abolition of all special privileges *above* those of the middle group of society, which is the controlling factor. Democracy, in the broader sense, tries to increase the power of those minorities that are *below* this middle group. The privileged minorities are already on the defensive and in retreat, the exploited minorities are now the source of every new movement, and their revolt is often destined to advance, not only themselves, but, still more the middle groups, which lie above them.

The progressive movement has already taken up the narrow form of democracy, the attack against privileged minorities, and, before many years, will doubtless come to work for it everywhere and without qualification—applying its principles to industry as well as to government. In many places progressives and radicals have accepted the *larger* democracy also, and beyond doubt will come to accept it everywhere—but *only in governmental and political matters, not in industry*.

We can now answer the question, Does progressivism lead to industrial democracy? The answer is that it leads to one form of democracy in industry, namely to majority rule, but that it would confine the larger democracy, which demands the recognition of the rights of minorities, to political questions, excluding fundamental or industrial issues. And the reason for this is that on *industrial* questions, such as those that involve the interests of small capitalists and employees who have invested their capital to secure educational privileges, as against

the interests of the mass of wage-earners, the majority and the minority are not shifting, but are as fixed as the occupations on which they are based. This was clearly recognized by the framers of the American Constitution, who, in speaking of "interests," refer in every case to the wealthy and well-to-do as *the* minority and to the poorer and propertyless as *the* majority. Progressivism does lead to industrial democracy, then, in the more scientific but narrower sense of the term. It does not lead towards industrial democracy, in the fuller and ordinary use of the word.

But progressivism does, undoubtedly, lead to *political* democracy in the fullest sense (i. e., in both senses of the word). Leaving the question of industrial democracy to be dealt with throughout later chapters, let us examine this less important, but still extremely significant, tendency towards complete political democracy.

Progressivism has not yet progressed this far, but it is already moving rapidly and with increasing speed and momentum in this direction. Its motives are very clear. It is not yet ready to establish political democracy, except in those places where there is already a stable, reliable, and fixed majority of small capitalists. In its first stage, then, progressivism shows hesitation. But this stage has already passed in Switzerland, Australia, France, and our Western States.

At the second stage when a majority of small capitalists seems secured, progressives accept democracy without qualification—on the political field. The rights of minorities and of individuals are liberally recognized, since the incomes and exceptional opportunities of the small capitalist majority are in no way menaced by existing minorities, and indeed are made more secure by a liberal policy.

The third stage comes when industrial evolution, which

cannot be wholly controlled by any ruling class, begins to introduce new social groups into the majority. Even to-day the small capitalists are learning that it pays them, and in no way damages their interests, to make alliances with the conservative labor unions which represent the more fortunate wage-earners, the upper ten per cent perhaps, or those who receive \$800 or more a year—a class which probably numbers, in this country, from a million to two million. As manufacturing industry continues to grow more rapidly than agriculture, and cities continue to expand more rapidly than towns, this class gradually gains a greater and greater importance. And with nationalization and municipalization it will be further and still more rapidly augmented. Where the process is very advanced or very rapid—and where full political democracy would already give this class the balance of political power—we find that the more radical progressives no longer hesitate to make their *political* democracy complete.

Wilson and Roosevelt will try in vain to confine the recall of judges and other measures of radical political democracy to communities that are predominantly agricultural. They cannot hope to succeed for more than a few years. Nor will Roosevelt's assurance that he does not intend to extend his measures of popular control over the Supreme Court have much weight. The policy the states adopt for their judges and constitutions they will apply to the United States also. Already a group of Roosevelt's own followers in New York demand a national constitutional convention for 1920 and the whole party is pledged to an easier process of national constitutional amendment. A large group in Congress, drawn from all parties, already demands amendment by direct vote, while Senator Gore wishes Congress to enlarge the Supreme Court, a policy which if occasionally repeated

would destroy its power of the Court over the Constitution and make Congress supreme.

Constitutions are becoming useless in all advanced countries in proportion as majorities actually do the governing. So the House of Lords, already reduced to a fraction of its former power, is on the road to abolition, and the power of the French Senate, it seems, will not last long. In other words the skilled wage-earners in England and the small peasants in France are held to be sufficiently conservative in their radicalism to be trusted with the balance of power.

Many democrats cannot understand, then, how our South can be called truly "progressive"—since the negroes are without political power, and so are practically slaves, not to individual white men, but to white men's governments. Yet Roosevelt is consistent in announcing a policy for the South that leaves the negroes powerless, but insists that all their needs and claims can be adequately attended to without the ballot. And there can be no doubt that this paternalistic program will be accepted from the hands of some progressive democrat.

For the essence of this "progressive" policy is the same as that of the North. In the North the unskilled masses are usually given a vote solely because they are nearly everywhere in a minority. In the South they are deprived of a vote because they are often in a majority. And where they do not furnish all—or practically all—the unskilled labor, they are in a very similar condition to the whites of that class. In Alabama and other states, when hard times drove the poor whites into a class-war two decades ago, they did not hesitate to ally themselves with the negroes, and the timber-workers of Louisiana and neighboring states are including the negroes in their movement to-day, just as miners and longshoremen have done in recent years.



On the other hand a more and more successful effort is being made to carry to the politically powerless Southern masses all the labor and educational reforms being adopted in the North—which shows that these reforms are neither due to the political power of the masses nor intended primarily for their benefit. And meanwhile, with the negro laborers disfranchised, all the forms of democracy, including the referendum and recall, can safely be tried among the whites of higher classes. Nor is this all of the similarity between the two sections. As these democratic forms become effective the ballot will gradually be extended to the upper ranks of the negroes, as the political situation in Oklahoma, Arkansas, and even Louisiana indicates. The small capitalists and skilled workers will find that they cannot hold the balance of power except as the power of those beneath them balances that of the privileged classes, and as they grow more radical they will give more and more of the negroes the ballot—always with one limitation, that there shall be no approach even to a majority of unskilled or farm laborers. (The fact that these are mostly colored has little to do with the case.) For this is the limitation of all State Capitalist and even of all State Socialist advance along political lines. [See next chapter.]

The politically democratic state that is rapidly approaching, then, will have no element of despotism, but will, on the contrary, be very much freer in every direction than any previous society. No greater error could be made than Herbert Spencer's when he called this collectivism in industry and this regulation of labor "the coming slavery," or Hilaire Belloc's when he refers to it as "the Servile State." Yet a very large part of our social philosophers have taken this view. Even in strictly industrial matters, where only the narrower form of democracy (majority rule) will prevail, not only will the

workers be better off, but they will have more opportunity, more choice of occupation, more leisure, more ability to get about, a more equal treatment before the courts, more personal liberty, more rights in their political and economic organizations, and more political power than they have to-day. The fact that all this improvement will be doled out to them only in proportion as it increases the profits of the employers, or of the capitalistic state, does not disturb or modify the tendency itself.

Belloc predicts the Servile State, where a certain part of the population, though guaranteed "security and sufficiency," which are the most grievous needs to-day, "will be constrained by positive law" to labor for the advantage of others. But Belloc rather fears this state than actually expects it. He expects rather "the distributive state," where the "determining number" are small capitalists. And he acknowledges that it is Prussia and England that give rise to his fears of the Servile State. These countries are certainly not the determining factors in the modern world. Not only in France and Ireland, which Belloc mentions as being under the opposite conditions, but in the majority of advanced countries, the small capitalists are in a majority and governments are beginning to do all in their power to increase their prosperity and to augment their numbers. And, even in England and Germany, the gradual division of the large estates by governmental interference, so successfully carried out in Ireland, Australasia and elsewhere, is promised as a result of the program of Lloyd George and the present Government.

Far from being the opposite pole to State Capitalism (or Partial Collectivism), as Belloc supposes, a small capitalist majority—or such a majority pieced out with parts of the salaried and professional classes and the "aristocracy" of labor—is the very foundation of this

form of society. And such a society, as Belloc and all other fair-minded observers admit, would be not only far less financially *burdensome* on the masses than the present one (as I have shown in previous chapters and as Belloc allows), but also it would be far less *oppressive* for all classes—though it might extract more profits than ever out of the great mass of wage-earners and the poorer classes.<sup>1</sup>

To call this new society more despotic than the old is to be blind to the very basis on which it is built, the scientific exploitation of the workers as machines—but as *human* machines. For it was the essence of the weakness of the older capitalism, from the standpoint of maximum profits, that it was either unable clearly to understand the necessity of dealing with this human element in labor, or if it understood did not have either the means, the organization, or the opportunity to carry its knowledge into practical effect.

There could be no more colossal error, then, than to call this collectivist capitalism “the most despotic and degrading form of capitalism” as does Eugene V. Debs.<sup>2</sup> On the contrary it is the least despotic form of capitalism, and also the most enlightened, as it brings the greatest profits to capital. Those who speak, or endeavor to speak, in the name of the masses of wage-earners, it is true, have a far better reason to be suspicious both of State Capitalism and of the closely related State Socialism, which I shall describe below, than do the champions of the small capitalists, of the professional class, or of skilled labor. For the progressive movement is least clear and definite in the matter of its attitude to the rights of organized labor.

Yet, when the progressive movement will finally have found itself, there is no reason to suppose that it will not be more liberal to the labor organizations at every point

than was the older capitalism, though it will come very far from satisfying the unions of unskilled labor. It is true that the position of Roosevelt, of the Australasian governments, and of other leaders of the progressive movement, at first pointed in the reactionary direction, and many were deceived (including the present writer). But the whole movement, all over the world, now seems to be headed towards more and more liberal policies—however unsatisfactory the point reached may still prove to those unions that represent the laboring masses. And there is every capitalistic reason why this liberal tendency should continue.

The demands of the unions are similar in all advanced countries, and so also are the concessions of the progressives. What the unions want is the right to strike, freedom of speech and assemblage, the right to picket, and the right to boycott. What is being conceded is all these rights, with certain conditions. Public employees or those engaged in semi-public work are being forced to accept some form of penalty if they cause heavy losses through strikes. This penalty in the past has usually been the dismissal of employees—especially the leaders. But already, in France, they have frequently been reinstated, though usually at a lower grade. And we have no reason to doubt that this method will be extended—in the case of those strikes which the majority of the voters consider unjustified, while no penalties will be applied in other cases. Similarly all the other rights needed by the unions are gradually being granted. In the well-known exceptions to this rule, which still frequently occur, as recently in Lawrence, Paterson, Calumet, and Colorado, it is noteworthy that the progressive press, which will soon be in the ascendant, takes ground against the persecution by the authorities.

In America important steps are being taken towards

granting the unions' program—as far as rights are concerned. The right to boycott will be partially restored by the modification of the Sherman law. Judges that interfere with strikes, picketing, boycotts and other rights are being restrained by the regulation of injunctions, and still more by the recall.

But most important of all is the check to the movement towards compulsory arbitration of labor disputes, which seems to be dying with the older capitalism. The small capitalists and their State Capitalist governments are certainly violently hostile to the fact of strikes, but they do not want to tamper with the right to strike. This is due to the discovery that it works better to leave the right intact and to penalize its abuse. By this policy the small capitalists' allies, the "aristocrats of labor," are appeased, and the same end is accomplished. For the skilled workers do not want actually to strike. They have much to lose and little to gain—since when they do not strike they have the sympathy of the final arbiters—the small capitalist public—and may lose it through striking. But they cannot arouse this public without the *right* to strike and an occasional strike menace.

As to public employees, they will never be given the right to strike without penalty. But they do strike occasionally and will continue to strike as a last resort. They everywhere refuse to surrender the claim to this right. But they do not tend to make a frequent use of it, and their position is essentially the same as that of the skilled workers in private industry. They will strike, as a rule, only when they have a great and unquestionable grievance. And in such a case the small capitalist public will insist, as in France, that the penalties of the law be not applied against them—even if a special act of legislation is needed to accomplish this result.



## CHAPTER VII

### THE CLASS-STRUGGLE OF THE SMALL CAPITALISTS

POLITICAL democracy, in the full sense, is scarcely yet anywhere in existence. Almost everywhere it is still hampered by constitutional limitations. These undemocratic features of constitutions are tending rapidly towards extinction in the most advanced nations. But meanwhile the restrictions are still there, and, having no actual experience of democracy, people do not yet know what it means.

A pure or complete political democracy means, at the very least, majority rule, not in Government alone but also in industry. Society has hitherto rested upon an industrial foundation which was reflected in certain political constitutions. These constitutions protected the economically privileged minority and kept the political power in its hands. Under a pure democracy, on the contrary, it is not constitutions that express the economic power of the ruling class, but elections. Hitherto the economic powers have ruled politics indirectly—through constitutions. Under a complete political democracy the economic powers will rule directly—through elections. Economic and political power will be one.

Under the constitutional system property ruled directly. Under the democratic system, numbers rule directly. Emerson very rightly noted of the constitutional politics of his time that "when the rich are outvoted, as

frequently happens, it is the joint accumulations of the poor that exceed theirs." Constitutional parliaments have been a sort of political stock exchange, where "money talks." The small capitalists found that even if the rich as a whole had less money than they, the more concentrated form of the former's wealth often gave them practical monopolies, not only in industry, but in government. So they have finally come to see that the only way to counterbalance the organization and power of the rich is to give power to the propertyless, that is, to make numbers really count.

The impending change to genuine majority rule is so revolutionary that we cannot fully realize what it means, even in imagination. Yet it can mean nothing less than this—that the very shape and the internal structure of society are to be moulded henceforth—in very large measure—by the ballot. Hitherto either property or economic strength has been the power behind the throne. These are as indispensable as ever, but they will henceforth be expressed largely by the ballot.

Under genuine majority rule "the total national capital" may still govern for a time, as Engels says it always does. And this prolongation of capitalist government will at first leave all non-capitalists in the same place in the social scale where they are to-day. But, though Engel's principle will still hold, it will be modified so that incomes from salaries and wages will also be capitalized, taken into the reckoning, and given the same weight as equivalent incomes from capital. Undoubtedly "the total national capital," in this new sense of capital plus capitalized income, will long continue to govern. But even during this transitional period *it will be of vast moment to every social class just which groups of capital or incomes hold the balance of power. Though the unskilled and propertyless masses are at first used as mere pawns*

*in this struggle, they come nearer to power in proportion as one topmost class after another is shorn of power.*

Social classes in present society have hitherto arisen from economic evolution, either unaffected, or not very deeply affected, by government. Now as government becomes a more perfect industrial instrument, under more perfect control—and the danger of political revolution is eliminated through instituting majority rule—the majority government will be almost omnipotent in industry, and will even have the power to create or abolish social classes. Edward Bernstein has pointed out that governments could create new sections of the middle class. They also will have ample power henceforth to divide the working-class into two parts and so to differentiate these divisions as to put them in deep hostility to one another.

Not only can a majority of a political democracy create certain new class divisions but it will be obliged to do so. For, while the new government may create or abolish whole social classes, it cannot do this at will. Economic evolution cannot be wholly controlled in the near future, if it can ever be wholly controlled. Economic evolution continues even outside of the lines the ruling majority now coming into power would like it to maintain in order that they might remain the ruling majority. From recent declarations of policy we can see that everything will be done to increase the numbers and prosperity of the classes that compose this majority—even to the point of creating new classes of a similar (small capitalist) character. But economic evolution will continue outside of the lines thus laid down for it, since classes lower than these in the economic scale will long continue to increase more than proportionately to population, especially the groups of more highly trained manual and brain workers and government employees.

What must be the result? Will the power pass either by revolution or by gradual and continuous stages—beginning forthwith—into the hands of the lower classes? By no means. The result to be expected is somewhat as follows:

*As fast as the lower classes grow they will push their upper layers and their upper layers only into the majority, the rest of the lower classes remaining in the same powerless minority as now.*

The former majority will not be very willing to receive this new addition into its ranks. But its more far-sighted members will point out that the process is inevitable. The new recruits, representing new occupations, will, indeed, considerably alter the character of the old majority. However, society having once been firmly reconstructed on the foundation of majority rule, there is no help for this, and the process is likely to be repeated several times—though not indefinitely, since the present tendency for the lower classes to increase disproportionately will not continue indefinitely. This tendency, on the contrary, will sooner or later cease, both because the character of the lower remnant—after the upper layers have repeatedly been taken away—may not be as expansive as it was, and because, as society evolves, the majority will gain a more and more complete control over social evolution, so that they can put an end to any disproportionate increase of “the lower orders.”

As long as new social groups are being taken into the governing majority there is a certain limited kind of progress away from social parasitism, i. e., the more or less hereditary control of one class by another, toward a really socialized society. But, as soon as this process ceases, this form of progress will also cease. Will all progress toward an equitable distribution of social power

among the classes then come to an end? Not at all. For, though the lower classes will then find themselves a fixed and permanent minority, a permanent minority has means of making itself felt and the development first of State Capitalism and then of State Socialism will vastly increase this power. Only we have been working so strenuously to attain majority rule that we have long ceased to study either the technique by which minorities protect themselves generally, or the situation into which the particular minorities of the near future may be brought by that social evolution which, in spite of all that is being done to prevent this effect, tends more and more to reach all classes alike. A ruling majority may more and more successfully favor the prosperity and numerical growth of one class at the expense of another. But it will not be able to check the disproportionate improvement of the character and intelligence of the lower classes—for this kind of improvement is due to the fact that *highly developed human beings are more valuable to all society than undeveloped ones.*

Once society has reached the present degree of organization—where continued progress is assured, at least for a considerable period—*the activity that pays rulers best is the development of the ruled.* And this will apply as well to the permanent ruling majority of the near future, as to the ruling minority of the present. Such a majority, as many recent statements of progressives and radicals prove, will be even more hopeful than were former rulers that they have at last reached a point where the foundations of society will remain stable, where there will be no more changes in the relative power and position of the classes, and where they may continue to keep the chief profits of the development of the lower class for themselves. But it is inevitable that the lower class will use the new power due to individual development in



order to win more power—or more self development. (I point out how they may do this in a later chapter.)

Majority rule in government and industry may lead, then, by an indirect process, and at a later stage, to a society based upon equal economic rights and opportunities. But its first result will be to establish a small capitalist rule which will try to perpetuate itself. Nor will this society, when it will have had its day, give way at once to an industrial democracy, but it will pass gradually into a society controlled by privileged manual and brain workers and exceptionally indispensable classes of government employees, such as certain sections of the railroad workers.

I have characterized the progressive movement in the German cities, where the class lines are most sharply defined. Howe merely states a fact, of which these German cities are proud, when he says they are governed by "bankers, merchants, real-estate speculators and professional men."<sup>1</sup> Similarly the progressive British cities, as Howe points out, are governed by a minority, consisting of taxpayers. I have quoted Winston Churchill's avowed reliance on the middle classes, and Lloyd George also expresses the belief that no party can hope for success at present in Great Britain "which does not win the confidence of a large proportion of the middle class."<sup>2</sup> If there was any further doubt as to the classes behind the progressive British legislation of to-day, it can be eliminated by noting the classes most favored by the income and inheritance taxes, namely incomes from £200 to £3,000 (\$1,000 to \$15,000)—approximately the same classes that are similarly favored in Germany.

A nation consisting mainly of small capitalists and a government under their control is the outspoken ideal of American statesmen also, from Jefferson and Lincoln to Roosevelt and Wilson. Such a society is even viewed

as permanent. Collier's Weekly recently expressed this view by saying that no country had reached "social maturity" until it had this social structure:<sup>3</sup>

"A genuinely civilized country—economically speaking, at least—is one whose land is divided into small holdings, each of which supports its own family. This is the land's final, stationary stage, so to speak—the sort of thing one sees, for instance, in the smiling, truly prosperous provinces of France. The French lend money to all the world. They are perhaps the most prosperous of peoples."

The idea is that the small capitalists ought to be a privileged class and ought to rule the country, and that other classes ought to be prevented from growing too large, if possible, or at least should be kept from power—all supposedly for the general good, of course.

Roosevelt has slightly modified this principle. New classes are to be admitted to power, but only as *they become small capitalists*:

"Ultimately we desire to use the government to aid, as far as safely can be done, the industrial tool users to become in part tool-owners just as the farmers now are." (Speech of Aug. 5, 1913.) The ex-President goes on to explain that he refers especially to certain sections of the workingmen, indicating the upper layers—which shows that he has a glimpse, beyond State Capitalism, of that State Socialist period that is bound to grow immediately out of it. He retains the small capitalist prejudice, however. For, while these upper levels of the workingmen will undoubtedly be elevated to privilege and power in the near future, long before we have industrial democracy, they will scarcely become small capitalists in the process. There is no considerable tendency for governmentally operated industries to share their profits with

labor, while there are many other more scientific ways of favoring the "aristocracy" of labor, such as higher pay, more promotions, etc., etc.

Again President Wilson has given us a complete and satisfactory explanation of his attitude on this question. Let us turn to his views on the relations of the classes. Like the thorough-going State Capitalist he is getting to be, Wilson believes that government is society. A government, in his opinion, is not a thing that is set up by governing classes (though, quite inconsistently, he here admits the existence of *governing* classes), but by "mankind." It is not the "institutions" of government, however, that represent mankind, but apparently something corresponding to Rousseau's "general will." Both institutions and constitutions, he urges, exist to serve men, not to rule them. But he does not apply this to governments. Traditional bodies of law (e. g., the common law), as he says, do not constitute the essence of government, nor is government a "machine." But no sooner does he repudiate what he accurately names the Newtonian and mechanical conception of governmental authority, which regards government as a machine, than he sets up in its place the far more despotic Darwinian view that government is "a living thing." Even if he confined himself to the far less obnoxious but related dogma, which he also adopts, that "society is an organism," regarding government at least as a man-made thing, just as he admits that governmental institutions are man-made, modern sociologists would disagree with him. Science does not admit his claim that society should "obey the laws" even of life itself—if these laws are regarded, as he regards them, as being something outside of or above man. The evolution of life and of society does not consist, as he states, in their "accommodation to environment," but in the very opposite process

of adjusting environment to life and society. Yet Wilson's whole political philosophy consists in the aim to adjust government to *present society*, as if society itself were unchangeable. While he aims to further a whole revolution in government he has no program whatever for furthering the evolution of society into that radically new form it must take if his professed ideal of equal opportunity is to be realized.

Wilson's vague generalizations tend to obscure class lines. Yet the President has also been specific and concrete. And these specific and concrete statements, though directed by him against government by large capitalists only, will apply almost without exception against any capitalist government—and thus may have the practical effect of leading the minds of the people beyond mere State Capitalism to the immediately following and closely related period of State Socialism—in which the ruling majority are not capitalists at all but privileged groups of wage-earners.

For example, Wilson not only endorses equal opportunity—as an ultimate goal, of course—but also makes his own many other principles that would serve equally well as the basis of a really self-governed industrial society—provided they are used as principles of present action and not as mere ideals of the future. In their *form* of statement some of these principles go even beyond State Socialism and are nothing less than Socialistic; in the *application* made by Wilson they point to a small capitalist government—which in this period of concentrated capital and industry can only mean State Capitalism. In their practical psychological effect these statements condemn all capitalist government, and therefore point forward to the succeeding stage of social development—the character of which Wilson does not even hint at, but which is, as I shall show, State Socialism. So

he says: "The amount of wages we get, the kind of clothes we wear, the kind of food we can afford to buy, are fundamental to everything else." He understands thoroughly, too, that political institutions are based upon economic institutions: "Laws have never altered the facts, laws have necessarily expressed the facts." Two other passages leave no question that he not only accepts this view, but understands it fully and interprets it consistently: "History is strewn all along its course with wrecks of governments that tried to be humane, tried to carry out humane programs through the instrumentality of those who controlled the material fortunes of the rest of their fellow-citizens. . . . If you will point me to the least promise of disinterestedness on the part of the masters of our lives, then I will concede you some ray of hope; but only upon this hypothesis, only upon this conjecture: That the history of the world is going to be reversed, and that the men who have the power to oppress us will be kind to us, and will promote our interests, whether our interests jump with theirs or not." Here we have a truly democratic interpretation of history and it certainly applies as much against the small capitalist majority that Wilson favors as against the large capitalist minority that he attacks. He definitely states moreover that our masters of industry do not speak "in the interest of those they employ," and it is difficult to see how he could make any distinction in this respect between monopolists and employers who are not monopolists.

The President not only refers to "the governing classes" but also speaks of the need of a government "unassociated with the governing influences of the country," which latter he very rightly states to have consisted up to the present of the trust magnates and their associates. "*Where there are classes in point of privilege,*" he declares, "*there is no righteousness, there is no jus-*



*tice, there is no fair play.*" The inheritance of capital, however, he strangely refuses to regard as a "privilege," and certainly he does not view the possession of expensive and restricted educational opportunities in that light.

In another illuminating passage Wilson shows how the upper class is continually bribed by the very fact that it is an upper class, and, while the context indicates that he means this to be applied mainly to the monopolists, he does not say so, and we have a right to take him at his word. The passage is as follows: "A cynical but witty Englishman said in a book, not long ago, that it was a mistake to say of a conspicuously successful man, eminent in his line of business, that you could not bribe a man like that, because, he said, the point about such men is that they have been bribed—not in the ordinary meaning of that word, not in any gross, corrupt sense, but they have achieved their great success by means of the existing order of things and therefore they have been put under bonds to see that that existing order of things is not changed; they are bribed to maintain the *status quo*." As a description of every ruling class psychology it would be difficult to add anything to this. It obviously applies to small capitalists as well as large capitalists. Wilson also opposes "the conduct of our affairs and the shaping of legislation in the interest of special bodies of capital." How can he honestly or logically reject an amendment striking out the word "special" and so oppose all legislation in the interest of capital? And when he says that he opposes "a small controlling class" who are "the masters of the government of the United States," can we not move to amend by striking out the word "small" and pointing out that it makes no difference to subjects whether their masters are few or many? The question that he asks of the economically combined large

capitalists: "Are these men to continue to stand at the elbow of government and tell us how we are to save ourselves—from themselves?"—we can equally well ask of the politically combined small capitalists. Similarly another of his basic principles applies to our problem with a very slight and unescapable change: "You can't, by putting together a large number of men who understand their own business, no matter how large it is, make up a body of men who will understand the business of the nation as contrasted with their own interest." Obviously it makes no more difference to the masses *how many* are these men, than it does *how large* their business is, in either case they will never "understand the business of the nation as contrasted with their own interest."

We are "on the threshold of a revolution," as the President says, and "we are going to reconstruct economic society as we once reconstructed political society." The changes to be made are "radical," but Wilson is right, from the small capitalist standpoint, in not fearing such a revolution and in thinking it will come "in peaceful guise" and that we will "win through to still another age without violence." For, though the State Capitalist program when complete will constitute a revolution—within the bounds of capitalism—it will be a revolution from which capitalism has nothing to fear.

The establishment of a government based on a small capitalist majority would be revolutionary in many ways. Not the least of these is that, in one sense, it would not be a capitalistic government. The majority of the present governing classes (the larger capitalists) are undoubtedly hard workers—notwithstanding the army of mere idlers they support. The larger part of their income, however—no matter how much we may allot as being really salaries, and as merely bearing the name of profits

—comes from their capital and not from their labor. This situation will be completely reversed under State Capitalism, for there can be no doubt that the larger part of the income of the small capitalists (or those on the same income level) is due rather to their labor than to their capital or their special opportunities, i. e. privileges of education and occupation.

On the other hand it must not be forgotten that small farm-owners, for example, usually secure a fair return from their capital—and so in a large measure are true capitalists. For we must include in their profits the rising value of their land, their saving in house rent, and in home-produced food supplies—as well as a number of other incidentals. Moreover they are usually employers as well as capitalists, for, while they do not always hire labor continuously, they usually hire a considerable amount at one time or another throughout the year. Similarly the professional and salaried classes of the same income level generally have a few thousand dollars of income-paying property, and when, during their life career, they reach their highest salaries or fees, they usually employ at least one servant. These classes are then, after all, as sharply differentiated from the working classes—even from the “aristocracy of labor”—as they are from the large capitalists.

The small capitalists, in a word, are semi-capitalists. A government of small capitalists, while not a labor government, is by no means altogether a capitalist government. And if a considerable proportion of non-capitalists are taken into the ruling majority the resulting government would represent labor even more than it represented capital. And this is just what is taking place. The small capitalist government is already evolving into a “labor” government—at least in one sense of the word.

For I have pointed out that “the aristocracy of labor”

will gradually be taken into the governing majority, that with their growing voice this majority will gradually become non-capitalist, and that State Capitalism will thus gradually be transformed into State Socialism. (The process is already beginning in Australia.) This social group, often inaccurately referred to as "the skilled," are those manual workers who have secured for themselves—through some special advantage, a position in which they are more or less protected from the competition of the masses. There is also a large group of low-salaried brain workers at the same level, as well as a certain number of very small capitalists—those for whom their capital is a mere protection from labor competition, and yields almost no returns above wages, e. g., most of our tenant farmers.

Scott Nearing has estimated, on the basis of national and state statistics, that only about one tenth of the wage-earners of the chief industrial section of this country receive more than \$800 a year, while three fourths receive less than \$600.<sup>4</sup> There is, of course, no sharp dividing line within the ranks of labor, any more than there is between any social groups, but there is a vast difference between the group that averages less than \$500 a year and the group that may average \$1,000. Experts are agreed, for example, that the sum required to keep a family of five in health and efficiency in the industrial part of the country lies well above the former figure and somewhat below the latter (see Nearing's article). We all know, moreover, the world of difference made in the whole of our lives by doubling or halving any ordinary income. And we know that to halve an income of a thousand dollars must cut immensely deeper than to halve one of two or four thousand.

The fact that the skilled are, perhaps, above the level of income needed to maintain industrial efficiency, while the unskilled are considerably below it, brings it about that

the attitude of these two groups towards the progressive movement—the labor policy of which is based on efficiency—differ in the most fundamental way.

The unskilled, being a permanent minority politically—without the aid of the skilled, which they can obtain only until the demands of the latter are satisfied—and being also unable to force concessions from the rest of the community or from the government by labor union or economic action (without aid of the skilled), must rely, *at present*, on improvements incidentally but inevitably brought to them by the evolution of State Capitalism.\*

While the unskilled are at the present moment powerless to help themselves to any considerable degree by organized action and, even in those benefits that are handed down to them from above, do not get any fairer or larger proportion of the nation's income and opportunities—the skilled are, or soon will be, in a far better situation. They receive, it is true, a much smaller share of the benefits of State Capitalism than do the unskilled, for, as a rule, their income already provides sufficiently for the *minimum* of physical health and strength required by industry—including enough to prevent the physically injurious labor of wives and children. The only *direct* benefit the skilled receive from the labor policy of State Capitalism is the superior training it affords—together with a certain increase in earning power. But this benefit is received by unskilled labor to a still greater degree. For the masses of workers are now getting their

\*I do not stop at this point to give the evidence that leads to these conclusions. Two later chapters deal with the *limitations*—from the standpoint of the unskilled—of the political and economic action under the small capitalist régime of State Capitalism. Two other chapters indicate the *possibilities* of economic and political action for this class under State Socialism. These points are alluded to here only for the purpose of contrasting the position of the skilled and the unskilled.



first installments of industrial training and organization, which always tend to give greater returns than the later installments.

On the other hand, the skilled are already able to gain considerably both from labor union and political activities, and they will gain increasingly by these means. Economically they are able to paralyze some of the community's most indispensable services, such as transportation and communication. That they rarely do so is due to the fact that they could not win such strikes without a large measure of outside support, and if they have this same support they can accomplish still more, with less possibility of failure, by political action.

For already the skilled and better paid wage-earners, together with other social groups with similar incomes and opportunities, hold the political balance of power in many places. Their inevitable increase in numbers, under State Capitalism, together with the equally rapid numerical increase of the lower ranks of the professional classes and of the favored groups of government employees, will almost certainly give these social elements the balance of political power in all advanced countries within a decade or two. And the thing that counts in politics is not mere numbers, but the balance of power.

The balance of power is not held, as is sometimes supposed, by any small party which is sufficient in numbers together with another party (or parties) to make up a majority. It is commonly supposed that if one party represents 49 per cent. of an assembly and another represents 5 per cent. the latter may hold the balance of power. But it is evident that the larger party may be the one holding the balance, provided it is situated *between* the other parties. The control is held by the party situated in the middle, and cannot be held by any party represent-

ing the extreme of radicalism or conservatism, unless that party has an absolute majority.

The political balance of power, as far as we can now see, will never pass into the hands of the unskilled workers—even with the addition of others on their income and opportunity level. For their numbers are not increasing proportionately to the rest of the population and they occupy one extreme of the social and political scale. The skilled workers and the related groups referred to, on the other hand, are already situated near the political centre, and their increase, both through the present economic evolution and through the legislation of State Capitalism, is bound to become more and more rapid. And, having secured their advantages largely by legislation, they will make a still greater use of legislation and still more firmly consolidate their position when they come wholly to control it.

To use a popular expression, the unskilled are destined to remain “outsiders” for an indefinite period while the skilled are rapidly becoming “insiders.” But the separation between the two classes is even greater than I have described. For there are other factors to be taken into consideration besides mere income level—which so widely divides certain groups of the working-class. When a lower *income* is doubled, for example (as that of the skilled may be within a generation), it often happens that *opportunities* for personal promotion and advancement, small as they may still remain, are ten times greater than previously, while the opportunities for children may be a hundred times greater.

And, finally, the position of the skilled workers and related classes may be completely revolutionized even under State Capitalism (i. e., before they control the government). During this earlier stage they will still have one great grievance, however, that their *proportion*

in the benefits of progress does not increase, and this will make them act with the unskilled, until they secure the control of government and industry. But State Capitalism, as it sees the skilled coming into power, will probably allay all the special grievances that now unite them to the unskilled, thus paving the way for a complete separation of the two groups the moment the skilled gain possession of the government.

Sidney Webb finds that the spirit of revolt at the present moment is strongest among the upper half of the wage-earners. But this type of wage-earner revolts, as Webb explains, not so much against inequality of income as against the fact that "he and his class always obey orders"—which will obviously be remedied under State Socialism, at least for all those that become a part of the ruling class. This wage-earner revolts further "against the misery beneath into which he may at any time be thrust, and against the ever-present peril of unemployment to which he feels himself exposed."<sup>5</sup> These fears will be removed and these evils will be remedied by pending State Capitalist reforms. For unemployment, as I have shown, is one of the most expensive of wastes to the capitalist class, and is being remedied as fast as the small capitalists become organized as a class and get full control of government.

The moment State Capitalism is established the gulf between the skilled and unskilled will have deepened itself irremediably. This is doubtless why the chief spokesmen of skilled labor, such as Sidney Webb, are already so greatly concerned to preach down all class war. Feeling the social groups they represent about to attain to power, they do not want to see the present revolutionary movement among the labor unions continue, and become a revolt against their coming government. They are absolutely satisfied with majority rule in industry—the so-

called industrial democracy, without being in the least concerned because of the fact that, if such a régime were long continued (which, fortunately, seems improbable), it would create an oligarchy composed of privileged brain and manual wage-earners and government employees.

This is the meaning also of the statement of *The New Statesman*, on which Sidney Webb and Bernard Shaw are editors, that the real progress of the future will not be brought about "by the warring of social classes" but by the union of all the forces of "public spirit." This is the way the resistance of a minority is always regarded by the majority, or by those who count upon soon becoming a majority. The majority always claims to represent "public spirit" and always says that the demands of the minority are pernicious class war.

But I have, in some measure, anticipated several later chapters. Before discussing the class-war *within* the working-class, which seems certain to arise under State Socialism (Chapters XII to XVI), I shall show the inability of the laboring masses to offer an effective political or economic opposition under the present régime of State Capitalism (Chapters X and XI), and the probable success, on the other hand, of the "aristocracy of labor" in gradually transforming State Capitalism into State Socialism (Chapters VIII and IX).

## CHAPTER VIII

### THE LABOR UNIONS UNDER STATE CAPITALISM

It is becoming generally recognized that under the existing social system the great mass of wage-earners are powerless to make any considerable advance on their own initiative, either by political or by labor union action. The whole program for raising the wage-earners to a level of greater efficiency by governmental action is based on the fact that they are totally unable to accomplish even this moderate advance for themselves. How baseless, then, are the professed hopes of many Labor Unions and Labor Parties that, either under the existing system or under the régime of State Capitalism, into which we are now entering, the mass of the workers, whether through labor union or through political action, will be able gradually to advance wages at the expense of profits, or to bring about other changes of conditions that benefit the masses more than the classes.

Both ex-President Roosevelt and President Wilson recognize that the great mass of workers are helpless. I have already referred sufficiently to the paternalistic attitude of Roosevelt (Chapter VII). A passage in Wilson's Inaugural Address, however, is again worth attention in this connection. I mean his reference to "great industrial and social processes which men cannot alter, control, or singly cope with." Ordinarily one is not justified in reasoning negatively, from what a document does not say. But such a weighty and condensed document as



this, and one in which the language too is as carefully chosen as in this instance, is an exception. Wilson is careful not to state that the laborers cannot "cope with" these industrial and social processes by organized action (political or labor union action), but only that they cannot do so "singly." For it is generally admitted that the mass of laborers can in some measure *defend* themselves against wage-decreases, etc., by collective action. But it is true that they cannot "alter" or "control" these industrial and social processes, i. e., they cannot *advance* themselves, even by organized political or economic effort—either under the existing system or in the state which Wilson contemplates. (The possibilities of political and economic action and of a class-struggle of the laboring masses under the succeeding form of society, State Socialism, will be considered later—see Chapters XV and XVI.)

The progressive statesmen of the ruling-class are undoubtedly right. If the conditions of the great mass of wage-earners are to be materially improved under the present system or that of State Capitalism, even if this improvement be not a very great one and leave them a smaller proportion than ever of wealth and power, the change must be carried out by the ruling-classes. Yet many Socialists claim that the present demands of Labor and Socialist Parties already amount to a *political* class-struggle between capital and labor, while an equal number of Socialists and Syndicalists claim that nearly all *labor union* action has more or less of this class-struggle character, that is, that it advances labor at the expense of capital, or expends a large part of its energies in the pursuit of this object. I shall take up the labor union side of this question here, and its political side in the following chapter. As the Labor and Socialist parties have become the mere representatives of the unions in most

countries, including Germany, these are, in reality, but two aspects of a single question.

"Whether he knows it or not, whether he wills it or not, every time the worker fights for a larger share of the product either by means of increased wages or fewer hours, he is fighting for the control of the means of production." Here is a proposition, from the Municipal Program of the New York Socialist Party, that is endorsed by the majority of Socialists everywhere. Every labor union struggle, provided only it is honest, and not aimed directly against some other union (as sometimes happens), is supposed to be a part of a class-struggle. This view is held regardless of the facts in each particular case. The cost of increased wages sometimes obtained may be at once charged up to consumers, often with an additional profit for employers, or the group that strikes may gain less than the working-class lose as a whole (in the capacity of consumers), meaning a net loss to the working-class, yet it is still supposed to be a class-struggle. The employers of an industry previously to a strike may have been paying wages so low that the workers and their children may have been degenerating industrially, or becoming a burden on the community, or in reality they may have been supported at the expense of other members of the family working in other industries, who were in turn threatened with industrial deterioration because of this drain. In either of these three cases employers as a class were losing by the conditions that preceded the strike. *As a class* they therefore often favor a strike of such low-paid employees for higher wages. Yet such a strike, though favored by a majority of employers, is considered by most Socialists as a part of a struggle against the employing class!

What, as a matter of fact, are the possibilities of labor union action in a society under the domination of large

or small capitalists, either under competitive capitalism or under State capitalism? We may classify these possibilities under four heads:

(1) A union which controls a certain kind of skill may not only obtain wages beyond those its members could obtain if acting singly, but it may even go far beyond this point and sometimes obtain a sort of monopoly wage—usually paid for by the other workers in the shape of the higher prices which are then charged for the product of the industry in question. The unskilled cannot, however, control the supply of their labor, unless they control the mass of workers of all industries (which has never yet been accomplished in any country), for the reason that labor which is not highly specialized can be brought, in a relatively short period of time, from one industry into another.

(2) Certain industries, in which the highly skilled do not play a very large part, yet have a position of such strategic importance that all the workers, when striking together, may considerably improve their position, and so take their place among the higher paid. Such are the transportation industry, and perhaps the mining industry, and a few others. In this case, again, the rest of the working-class pays the bill in the shape of an increased cost of living.

(3) The first organization of the unskilled workers, as in the textile industries, brings certain gains to employers. Among these are a greater uniformity and regularity in labor conditions, protection from small strikes, and the setting of a minimum standard below which speculative or "unfair" employers cannot go. The larger and more efficient employers will therefore gain as much as they lose from this *first* strike—provided the result is a compromise, in which the workers appear to "lose" a part of their demands (though there can really be no loss of

a thing a man never had), and provided no aggressive union is recognized which might foster further strikes. The resistance to a second strike in such cases will be much more determined and successful than the resistance to the first.

(4) Where wages are exceptionally low, in industries for which more far-sighted employers favor a legal minimum wage, those strikes will naturally be more or less favored which have the same end—a minimum wage—in view. And in this case outside employers and the capitalist public may often favor, not only the first revolt, but repeated strikes.

When unions seek to go beyond such limitations, the employers' interests and capitalist opinion, which dominate governments and all other influential institutions, unite to repress them. If the unions, in spite of this fact, undertook to pass beyond these limits, we would indeed have a struggle between capital and labor. But if they did so, they would be sacrificing the present for the future. Such action might hasten the day when the *masses* of the workers would be given an equal voice in industry and government. But it could accomplish no *immediate* results and it might delay existing union development, which is along the lines I have just indicated. For these reasons the labor unions, all over the world—with the exception of those few that are under the domination of unskilled labor—have carefully avoided anything resembling a class struggle. They have rarely given any large part of their energies to the organization of the unskilled—which alone would make them representative of labor as a class, and this is surely the very first prerequisite for a class-struggle. Nor, on the other side, have they challenged the whole of the capitalist class by making an onslaught on profits generally (unless in rare instances), but have nearly always tempered their de-

mands to gain some capitalist support. The only important exceptions have been a few strikes conducted by the newer unions of the unskilled or semi-skilled, sometimes loosely called "syndicalist unions," and such strikes have been rarer than at first appears.

The great British strikes of 1911 and 1912, for example, were called syndicalistic. The unskilled, it is true, had been newly organized, there was a very large proportion of sympathetic strikes, and union leaders were forced to aggressive action by union members. But two of the largest strikes, those of the seamen and the railwaymen, were settled at the expense of the masses as consumers, it being fully understood that the settlements were to be followed by a large increase in transportation charges. Similarly the leaders of railway unions in America have often gone so far as actually to agitate for higher railway rates. Recently the President of the Locomotive Engineers, Warren E. Stone, declared that it might be necessary for the Locomotive Engineers to give the American people a much needed lesson in this matter (through a strike). And when the American coal strike of 1912 was won by the miners it was lost to the American working-people. For the Department of Labor has shown that, when the miners won \$4,000,000 a year, this was used as a pretext to squeeze \$13,450,000 out of consumers. But the miners never dreamed of saying anything against the inflation of prices at the time of their agreement. Undoubtedly they were, and are, opposed to the mine-owners charging \$13,450,000 to the consumers. But there is no slightest evidence that they were ready or able to offer any serious opposition to an increase of \$4,000,000 in prices (i. e., enough to cover their wage-increase). In other words, they did not strike against the profits of the employers but against the rest of the working-class. Yet we are told that theirs is a "Socialist"



and an "industrial" union, engaged in a class struggle, together with the rest of the working-class, against the employing class.

So we find the French Syndicalist, Pouget, claiming that the capitalists may be expropriated to-day by a series of strikes, while the American, Haywood, says: "We will take from the bosses what we can get to-day, and we will hold what we get. Then we will take more."<sup>1</sup> Haywood contends that the workers will be able to keep this process up until they "put the bosses out of business."

The theory that rises in wages have been gained or can be gained to-day at the expense of capital, and that labor union conflicts are part of a struggle of the working-class as a whole against the capitalist class as a whole, dates as far back as Karl Marx, and his views, which are still those of most Socialists, must be briefly noticed. Marx believed that, "if, during the phase of prosperity," the worker "did not battle for a raise of wages, he would during the average of one industrial cycle (i. e., including the phase of depression) not even receive his average wages, or the value of his labor.

"If he resigned himself to accept the will, the dictates of the capitalist, as a permanent economical law, he would share in all the miseries of the slave without the security of the slave."<sup>2</sup>

At the time when Marx wrote, these propositions were probably largely, if not wholly, true. But nearly every word of Marx's analysis of our present political economy presupposes competition among capitalists. Now employers' associations, trusts, common financial control of the trusts, and government ownership or control are already more important influences over labor than competition is, and are rapidly reducing competition to an entirely subordinate position. Indeed, nobody more clearly foresaw or grasped the first part of this process

(the earlier or economic phases of industrial concentration as against the later or political phases) than did Marx. To use one of Marx's own dialectic modes of expression, his predictions have been so completely fulfilled that his writings have become obsolete.

Of course some truth still remains in the Marxian propositions I have quoted. Certainly the laborer must not resign himself, certainly he must organize and make a constant fight for better conditions and higher wages, for in this way he can materially hasten the betterment which progressive capitalism has planned for the exclusive purpose of increasing its profits. But the laborer is less and less menaced with insecurity, insufficiency or servitude in proportion as State Capitalism is established. He is already being protected against receiving less than his average wages during depression, for this would mean industrial inefficiency and would ultimately cut into profits. And this protection is gradually being extended in every direction.

Marx implies, and his followers assert, that it is only the workingmen themselves who will "set limits to the tyrannical usurpations of capital."<sup>3</sup> This may have been the case when there was no limit to the free supply of the kind of labor that was demanded by capital. But there is a decided limit to the supply of the efficient labor demanded to-day, and this in the face of a rapidly growing demand. We may soon be able to say, on the contrary, that the only limit to the exploitation of labor by capital is that set by capital itself. For the unions are effective, as I have indicated, only when supported by a large part of the capitalistic public.

Marx himself says, in this connection, that "in its merely economic action capital is the stronger side." But he argues that in political action this is not the case and that "without the workingmen's continuous pressure"

the legal shortening of the working-day, which occurred in England in the middle of the last century, would *never* have taken place. On the contrary the tendency towards shorter hours is approved—as promising more profits—by a host of employers the world over. Such employers, of course, favor the legal shortening of the working-day for all employers alike—especially if they have already introduced it in their own establishments. And, finally, the legal working-day has been shortened in many communities where the working-class was even more powerless than the British working-class of 1850, which Marx had in mind.

Marx notes that the tendency of capital to increase the intensity of labor more rapidly than the working-day is shortened must be counteracted by a rise in wages, if we are to avoid “a deterioration of the race.”<sup>4</sup> But this deterioration of the race could be afforded by employers in Marx’s time because it affected only the laborers of those few spots on the globe that had then brought under the capitalist system, and employers could easily replace this deteriorated labor by fresh labor brought from the country or imported from other nations. Now capitalism has already spread over half the globe and is spreading rapidly over the other half. Within its former bounds, moreover, the demand for labor has greatly increased. And, finally, the small capitalist governments now in power restrict the immigration from non-capitalist countries (on the pretext of race, but really to prevent their competition in small businesses). The “deterioration of the race” within any country now means nothing less than the deterioration of capitalism’s limited supply of “working-machines,” its sole source of profits. Marx contended that this depreciation of labor was to be met only by the resistance of the laborer. To-day it is being met chiefly by the interest of capital.

Marx said: "On the basis of the present system labor is only a commodity like others." This also was true under the system of unrestricted competition and private capitalism that prevailed when Marx wrote. It is not true under State Capitalism. Labor is now being regarded as a very special commodity *unlike* the others—or not as a commodity at all, but as a natural resource. If regarded as a commodity, then at least labor is being recognized as the chief source of all *profits*—a parallel to the Socialist saying that labor is the source of all wealth. And therefore labor, as the great profit-giver, is to be treasured, conserved, developed, and made more and more efficient.

Marx himself said that "the value of laboring power is determined by the value of the necessities required to produce, develop, maintain, and perpetuate the laboring-power." <sup>5</sup> That is, this is the cost of production of labor-power. But there is no rigid definition of necessities. The necessities that enable a man to do one kind of work will not be sufficient to enable him to do another. Often, by giving a man better conditions or more "necessaries," he will do more work and more efficient work—to a degree that will more than pay for the cost of the added "necessaries." This is "the economy of high wages." A scientifically organized employing class or employing government will increase each man's wages and improve his conditions as long as the resulting increase in the value of his products more than pays for the cost of such improvements. And this process of amelioration will continue indefinitely whenever necessities are cheapened and whenever new processes create a new demand for more efficient labor.

The Marxian idealization of the function of labor unions, which gives them credit for every advance of the wage-earners, has finally enabled the Socialist Parties of

the world to attach greater importance to labor unions, even when anti-Socialist, than to Socialist Parties. So the British unions are given half the British delegates to the International Socialist Congresses, the non-Socialist Labour Party, which is under the control of the same unions, half the remainder. Similarly the Australian Socialist Party is refused recognition by the International Socialist Bureau because it does not affiliate with the non-Socialist Labour Party—though the latter has not even applied for affiliation to the Bureau. The Secretary and Chairman of this Bureau, moreover, have recently succeeded in persuading the British Socialist Party to become a part of the non-Socialist Labour Party, in which it will be in a hopeless minority. Evidently the Socialist Parties which adopt such policies must be rather Labour Parties than Socialist Parties. And if they are not altogether Labour Parties the control of the International Bureau by Labour Party partizans, and of the International Secretariat of Labour Unions affiliated with it by the bitter opponents of revolutionary and independent unions of the unskilled, is a powerful force working in that direction.

Even Kautsky, the leading Socialist theorist, favors the Labour Party for Great Britain and the United States. (For the German situation see Appendices B and C.) He admits the fundamental fact that the trade unions of Great Britain "have ever separated themselves more and more from the mass of the proletariat, thus forming an aristocracy of labor and becoming a means of splitting rather than of uniting the masses." The obvious remedy, now being tried, of forming unions of the laboring masses, of aiding the laboring masses, in some instances, to control the older union leaders and the older unions, he does not seem to favor. This would obviously be all to the advantage of the masses, but it is opposed by the



aristocracy of labor. And according to the Marxian view *all* unions are a part and an *indispensable* part of the army of labor. *This theory or tactic gives the unions of the aristocracy of labor an economic veto, and their political party (the Labour Party) a political veto, over all the actions of the masses of labor.*

Kautsky admits that the unions in which this labor aristocracy works have carried on only "a scrap" of the struggle against capitalism, and that "this scrap is not always sufficient to indicate the character of the struggle." The truth is that these unions have excluded the laboring masses, have acted against the laboring masses, and have organized a political party the sole purpose of which, according to its leader, MacDonald, is to act in accord with the progressive wing of the capitalists.<sup>6</sup> Kautsky wrote that "a labor party in England, outside the trade unions, can never become a party embracing the masses." He should rather have said that a party acting *with* the older unions can never become a party of the masses.<sup>7</sup> He even went so far as to attack the present Socialist Party of America as being too radical and to say that "the long wished-for mass party of the proletariat may be formed into an independent political party in the very near future by the American Federation of Labor." If this happens evidently Kautsky and the International Bureau will do all in their power to favor the new party. And it could happen either in the way Kautsky suggests or by the Socialist Party affiliating with the Federation of Labor, according to the British plan.

We find the best-known anti-Marxian Socialist and advocate of the labor unionism (Sidney Webb) taking a similar position. The workers have to conquer "security" and "sufficiency" by "organization from below." Yet we also read:

"It is just upon the effect of these (industrial) proces-

ses and regulations on the health and comfort, on the development of the body and brain, on the character and personality, of those who are employed in the various industrial processes, that even the output of material commodities in the long run depends." <sup>8</sup>

If output, and therefore employers' profits, depend upon these regulations, upon security and sufficiency for the workers, why does Webb claim they can be obtained only by organization from below? Obviously because he must make this claim if he is to maintain his contention that current labor union action, supplemented by Labour Party politics, is pushing capitalism back step by step and improving the conditions of labor at the expense of capital. If, on the contrary, all the improvements in the conditions of labor he mentions are being carried out by capital to further increase its own profits, and if to this process is ever to be added another process, more satisfactory to the masses of labor, this can never come about through the mere co-operation of the older unions, their Labour Party, and the progressive capitalists as Webb, the Laborites, and the Laborite Socialists propose.

## CHAPTER IX

### THE POLITICAL OPPOSITION UNDER STATE CAPITALISM

WHEN the incoming régime of State Capitalism is fully established, will the new class alignment at last be drawn between those who would gain and those who would lose by the placing of society on the basis of equal economic opportunity?

Many believe that when the program of radical reform now under discussion will have been carried out, the issue will, indeed, be Socialism. The Socialists, who are divided as to whether there is or can be a political class-struggle between labor and capital to-day, as a rule believe that this struggle will surely begin when political democracy will have been established and the growing partnership of capitalists and government will have made the nature of the present society visible to all eyes.

Though the Socialist Parties are unable to do anything Socialistic at the present time, why do they not have some concrete Socialistic plans ready, then, for extension of the reform program in the Socialist direction after the progressive capitalists will have gone as far as they are likely to go?

The abstract formulations of the preambles of Socialist programs cannot, in the nature of things, shed much light upon such a practical question. These abstract formulas have already been subject to the most diverse and contradictory interpretations. A great Socialist leader, Liebknecht, has said that differences based on

such theoretical considerations are unimportant. And Liebknecht's view is now so generally accepted by Socialists that even to refer to these abstractions in practical situations is likely to bring forth the charge of Utopianism. We must judge the Socialists' position, then, by the only thing that really holds the various factions together, the *concrete* program they possess in common. It is true that many Socialists of varying schools believe, on the contrary, that they are held together only by the "ultimate goal," and that the only thing that differentiates the Socialist Parties from other parties is this "final aim." But this merely means that those who hold these views believe that, *in reality*—as apart from abstract ideals and opinions—there is *no* common Socialist principle, either to hold Socialists together, or to distinguish Socialist parties from other parties.

If there is now in the process of formation a political class-struggle which may be expected to break out under State Capitalism, it must be found in those concrete proposals of the Socialist programs that look beyond the immediate present. We must find measures or policies opposed alike to State Capitalism and to State Socialism, for these only are distinctively Socialistic.

The majority of Socialist authorities seem to agree that the present Socialist Parties have no distinctively Socialistic measures or principles in view. Some claim that a reform of the progressive capitalists, when *viewed* from the angle of the Socialist ideal, or when *regarded* "as part and parcel of a future Socialism," becomes Socialistic. Others say, "We may view every public issue and policy as either making for Socialism or away from it. In the first case it is a Socialistic policy, in the second it is not." <sup>1</sup>

According to this view practically *all* the reforms of progressive capitalism are "Socialistic." Others say that

it is "the tone that makes the music" or that while the programs read the same there is a difference in the fact that the Socialists alone are "the movement of the working class."<sup>2</sup> This is also an admission of a belief that there is no concrete distinction between the program of a Socialist Party and that of other parties.

Kautsky admits that nearly all, if not all, the "practical" demands of the Socialists are to be found on the programs of other parties. But he claims that the particular *combination* of demands to be found in the Socialist program is peculiar to the Socialists in that it is not to be found in the program of any other one party.<sup>3</sup> Jaurès makes the same admission, but his way of stating the distinction is to say that the Socialists only stand for a complete program of reform (*la reforme globale*).

A far more logical and more frank analysis is made by the American Socialist leader, Morris Hillquit, in his recent articles, *Socialism Up-to-Date* (now published in book-form under the title, *Socialism Summed Up*). As this went to press largely after the formation of the new Progressive Party, an organization in several respects more radical than any previous non-Socialist Party in this country or Europe, Hillquit felt obliged, in the latter half of his work, to sharpen the traditional distinctions between the two movements—especially as their programs were in many points identical.

Hillquit's new volume is perhaps the most able and valuable statement yet published of the present political philosophy and tactics of the Socialist International. To say that it should be read critically is to take nothing from its value, for it is frankly a partizan plea. It is, however, no mere repetition of thread-bare formulas, either of theory or of tactics, but bears the marks of having been newly thought-out and thought-through by the author.



Several of Hillquit's generalizations, though in entire accord with the revolutionary traditions of the Socialist movement, seem new to-day because they had been so largely suppressed during the many years when, in the absence of genuinely radical parties in this and other countries, many Socialists wanted the Party to give almost its entire energy to such reforms as the progressives are now adopting, and so in every practical question denied the distinction between Socialism and progressivism. At the present juncture therefore some of Hillquit's propositions have the same effect as if they were new and so are extremely important. I shall begin with the most fundamental.

"Socialism aims at the destruction of all economic privileges and all class rule. The Socialists contend that the realization of their program will ultimately benefit the entire human race, but they frankly recognize that *its immediate effects will be damaging to the beneficiaries of the present order and advantageous to its victims*. In other words, *Socialism necessarily involves an immediate material loss to the capitalist classes—and a corresponding gain to the working classes.*" (My italics.)

After giving us this clear and frank criterion, by which alone we can distinguish a Socialist policy from that of other parties, Hillquit admits, with Kautsky and the best authorities, that the present Socialist program *is not built on this principle at a single point*:

"The separate practical measures advocated by the Socialists are often trivial in comparison with the lofty ultimate aim of the movement. Some of them may even occasionally be found duplicated in the platforms of other political parties. *Not one of them, standing alone, has a distinctive Socialist character.* But, taken in its entirety, the Socialist platform presents a striking and radi-

cal departure from the platform of all other political parties, and bears the unmistakable imprint of the Socialist thought and endeavors."

The conclusion that a program so composed may be Socialistic is inadmissible, after the sentence I have italicized. If the radical wing of the Progressives, for example, has 50 per cent of the Socialist measures, and the radical wing of the Democrats another 50 per cent, is it not both possible and probable that they may unite and represent 100 per cent of the Socialist program? They would then leave only its abstract phrases, or doubtless would appropriate these also, as they are already doing—with certain new interpretations, of course. Or if such a party is not formed in this way, may it not be formed in a hundred other ways, for example, as the "Labor" Party of Australia was?

Indeed, Hillquit in this last paragraph practically provides us with an entirely different criterion, that a peculiar combination of measures, not one of which is Socialistic, may yet make up a Socialistic whole.

Hillquit also furnishes another standard equally typical of the leading Socialist writers:

"Neither a city administration nor a state government is capable of reorganizing the important national industries on a basis of collective ownership. A Socialist commonwealth can be established only through co-operation of all departments of the national and state governments. In other words, the Socialists must be *in full political control* of the country, before *any part* of their ultimate social idea can be materialized." (My italics.)

That is, no program can be Socialistic unless it is carried out by Socialists. This new and radical criterion

destroys completely the second one just given. For according to this statement, even if all the reforms now "demanded" of capitalist progressives by Socialists were carried out, including that peculiar combination of admitted non-Socialist reforms that Hillquit calls Socialistic, we should still have failed to materialize "any part" of the ultimate Socialist idea.

Hillquit endeavors to pass over this difficulty by providing still another distinctly different criterion:

"The test of the practical achievements of the Socialist movement is therefore not whether Socialism has already been realized in parts or in spots, but whether the movement has made a substantial advance in the task of creating social and political conditions favorable to the introduction of the Socialist commonwealth."

This is no criterion at all. All progressive laws, all inventions, all industrial progress, all the fundamental tendencies of our civilization supposedly prepare the way for Socialism. Therefore Socialists favor all forms of progress. But Socialists are very minor factors in bringing such progress about. And when they take, as their test of practical Socialist achievement, the Socialists' contribution to general progress they abandon their claim that Socialism brings a new, distinctive, and revolutionary change in society. Hillquit speaks of factory legislation (that of Peel, for example) as being of this progressive character and *preparing the way for* Socialism. This is true. But he then goes further and refers to such progress to-day as an *achievement of* Socialism. This is not true. For Peel's laws were passed before Socialism was heard of as a practical force in England, and much similar legislation has been effected recently, in several countries, without any considerable Socialist influence.

Hillquit insists on applying the term "Socialistic" to all

progressive measures which happen to be endorsed by Socialists. While he does not yet attribute all present progress directly to Socialist initiative he suggests that Socialism is already, *indirectly*, its chief cause.

“The true task of Socialism, the work of rebuilding the economic and political structure of modern society on the lines of the ultimate Socialist program, will begin only when the Socialists will have the full political control of the government, and in the meantime they are content with the rôle of torchbearers of the new civilization, always formulating larger social claims, always forcing the next step in social progress. The concrete reforms which the organized Socialist movement has thus indirectly gained and is still constantly gaining by its mere existence and growth are probably more numerous and substantial than the actual achievements of all other so-called ‘practical’ reform movements combined.”

Indirectly, then, the Socialists are already in power and it is they who are preparing the way for Socialism rather than the economic forces of the time.

Still, Hillquit makes a few invaluable practical distinctions along lines long established by the German Party. As to the very crucial question of government ownership, Hillquit performs the very great service of destroying completely the misconceptions created by ex-Congressman Berger and others in this country, as well as British Socialists of all parties :

“Socialists,” Hillquit writes, “entertain no illusions as to the benefits of governmentally owned industries under the present régime. Government ownership is often introduced, not as a democratic measure for the benefit of the people, but as a fiscal measure to provide revenue for the government or to facilitate its military operations. In such cases government ownership may

tend to strengthen rather than to loosen the grip of capitalist governments on the people, and its effect may be decidedly reactionary. Similarly, government ownership is often advocated by middle-class 'reform' parties for the main purpose of decreasing the taxes of property owners and reducing rates of freight, transportation and communication for smaller business men.

"The Socialists advocate government ownership primarily for the purpose of eliminating private profits from the operation of public utilities, and conferring the benefits of such industries on the employees and consumers. Their demand for national or municipal ownership of industries is always qualified by a provision for the democratic administration of such industries and for the application of the profits to the increase of the employee's wages and the improvement of the service. Furthermore, it must be borne in mind that when the Socialist platform declares in favor of government ownership of certain industries, the Socialist Party at the same time nominates candidates for public office pledged to carry out these measures in the spirit of that platform. In other words, what the Socialists advocate is not government ownership under purely capitalist administration, but collective ownership under a government controlled, or at least strongly influenced, by political representatives of the working class."

With one important omission (which we may supply from Kautsky's *Class Struggle*, p. 110) this is an excellent and an adequate statement. Kautsky's principle, however, is more important than all the rest of Hillquit's statement put together. It is as follows:

"If the modern state nationalizes certain industries, it does not do so for the purpose of restricting capitalist exploitation, but for the purpose of protecting the capitalist system and establishing it upon a firmer basis, *or for the purpose of itself taking a hand in the exploitation of*



*labor. As an exploiter of labor, the state is superior to any private capitalist.* Besides the economic power of the capitalists, it can also bring to bear upon the exploited classes the political power which it already wields."

There could be no greater contrast than that between Hillquit's and Kautsky's position and Berger's repeated statements referring to the Post Office as an example of Socialism. For instance, take Berger's statement in the American Magazine in 1912:

"Whenever the nation, state, or community has undertaken to manage and own any large industry, railroad, mine, factory, telegraph, telephone, mill, canal, etc., this invariably redounded to the benefit of the commonwealth. Business will be carried on under Socialism for use and not for profit.

"This is the case now in the post-office, public school, waterworks, etc.—wherever owned and managed by the *people*." (My italics.)

The whole case for Socialism, on the contrary, hangs on the fact that the post office and the government are at present nowhere owned and managed by the people as a whole and certainly are in no considerable degree managed by the masses of wage-earners. Hillquit's clear statement of this fact is most timely and serviceable, though it is only a repetition of a truth accepted by Socialists generally for nearly half a century.

Berger is largely justified, however, by the 1912 platform of the American Socialist Party which was made *before* that of the Progressives. So alike are the two indeed that he and many other leading Socialists claimed that the Progressives had "stolen the Socialist thunder." Certainly the Socialist platform did not go any further than Roosevelt's unqualified phrase that "the people"

should "control industry collectively." (See the following chapter.) Certainly there will be no political class struggle between two parties, if their chief difference is the question as to which advocated their common program first.

Leading British Socialists have long denied that there is, or that there is likely to be, any class-struggle or fundamental difference between Socialists and progressive capitalists. The very moderately Socialistic Independent Labor Party is a branch of the non-Socialist Labour Party. J. R. MacDonald now wants the latter to become a part (it would surely be a minor part) of a larger radical party.<sup>4</sup> Bernard Shaw is equally explicit. "The unity of Socialism, and the existence of definite boundary lines between it and Progressivism," he contends to be "mere illusions."<sup>5</sup> It is indeed true that that State Socialism for which Shaw speaks, in the name of the middle classes and those that enjoy educational privilege, cannot be definitely distinguished from radical progressivism, and has little "unity" with the Socialism of the mass of wage-earners. And the same is true of the State Socialism of "the aristocracy of labor" represented by MacDonald.

But why should such State Socialist reformers insist that they represent also the mass of the workers? First of all, obviously, to get the latter's political support. But they claim to be Socialists also in order to utilize the idealism of the masses for the purposes of the movements they represent, an intention that may be most clearly seen in MacDonald's advocacy of "immediately practicable changes, justified and enriched by the fact that they are the realization of great ideals." Thus the whole of the great ideal enters into each reform, embodies itself in it. Instead of regarding the immediately practicable change as pointing forward to greater things, this "So-

cialism" reverses the process and satisfies its ideal in whatever reform happens to be immediately attainable.

Other Socialists view their party as being shaped by its competition with other parties, and so compelled to rival them in present achievement. These say, with A. M. Simons: "If we leave the field of achievement to the reformer, then it is going to be hard to persuade people that reform is not sufficient." There is here no effort to claim reform as being Socialistic. But Socialists are to claim the chief credit for obtaining reforms. This is mere partizanship. For if there is ever to be a political class-struggle it is because power to achieve and achievement are at present in the hands of one class, and will pass into the hands of another only after a severe struggle.

But many representatives of the laboring masses also (not mere partizan Socialists) have believed that the politically organized working-class, even under present conditions, could institute a political class-struggle. This belief may be accredited to certain widespread fallacies. One such fallacy is that a minority party, representing a social extreme, may hold the balance of power. But it can do this only if the other two parties are about equally conservative and then only on minor issues—for such parties will unite against the Socialists on all larger questions. If one of these other parties is considerably more liberal or considerably less reactionary than the other, the Socialist minority will be forced to unite with it on every crucial question—when it is not forced to vote against both other parties.

A good example of this fallacy may be seen in a recent editorial from the Metropolitan Magazine:

"It would not be difficult to build up a Socialist Party in Congress and in the state legislatures which might often hold the balance of power, just as the labor party

in England now holds the balance of power, and so force legislation which would advance the cause of freedom without the miseries of actual strikes."

If, as now seems highly probable, we come to have a Conservative and a Radical party in the United States, as in other countries, the Socialists would have to vote, on every important occasion, either for the Radicals or against both the other parties. In either case the Radicals and not the Socialists would hold the balance of power.

Another similar fallacy is the belief that, when anything is done by a government which happens to benefit labor, it is done out of fear of Socialism. I have shown, in previous chapters, an entirely different motive for many radical labor reforms. But it might be said that *some* of these measures, at least, however broadly we may view them, cost capital more than they bring in. If this is true of some rare and exceptional reforms, it certainly has not been true and will not be true of the whole program of any administration or of any legislative session in which capitalists predominate (whether small or large capitalists). Debs, for example, claims that Bismarck brought in his workingmen's insurance laws in order to thwart Socialism. Yet Socialism was no menace in Germany at that time, if it is to-day. Bismarck may have spoken of it as a menace in order to frighten the Liberals and deprive them of an ally, and also to persuade the extreme reactionaries to consent to his reforms. (See Appendix B.) As usual the cries of "impending revolution" came from the reactionary camp. And it is a grave illusion when Socialists have taken them seriously. If there should be any partial "concession" to Socialism in the near future it will only be to serve as a cloak to hide the continuation of other and greater privileges,

which, in spite of the one sacrificed, will continue to carry us in the opposite direction from Socialism.

We have many recent instances of the use, by skillful politicians, of this Socialist bogey—for it is a bogey, since the fact that Socialism may become a menace a generation later does not make it a menace to-day. For example, capitalistic groups whose interests are in favor of peace “threaten” a Socialist general strike in case of war, though they know there is little chance of such a strike. And both radicals and conservatives threaten one another with a Socialist revolution, if some forward or backward step they desire is not taken. Only a small part of the general public and the ignorant part of the Socialists are deceived by such talk. The only people menaced by the growth of political Socialism to-day are the political leaders of petty capitalist factions, some of which this growth often threatens or destroys. But all those political leaders who represent capitalism as a whole, or its progressive wing, know they have nothing to fear for a number of years to come.

The chief reason, however, why the majority of Socialists have settled down to the belief that all progress that reaches the masses is due to victories of labor in the class-struggle is that they have totally failed to evolve any rational view of capitalistic progress. It was far easier for the Socialists to get votes by painting the capitalist as “the devil” as Bernard Shaw says they did. The bitter partizan struggle in which they have been engaged against various groups of capitalists, led them to the view that the only cure for *any* of the evils of capitalism was its diametrical opposite, Socialism, that there was no progressive wing of the capitalists (even in a restricted sense of the word progressive), that there was no intermediate period between the existing domination of the large capitalists and Socialism. Thus, consciously



or unconsciously, for the partizan purpose of getting more votes, they ignored both the division in the ranks of capital that produces State Capitalism and the division in the ranks of labor that produces State Socialism. Surely a short-sighted proceeding, as these State Capitalists and State Socialists, who have been attracted by this policy into the Socialist movement, are bound to leave it as soon as State Capitalist or State Socialist Parties are formed, or at the latest when they come to control the government.

Leading Socialists have been teaching their followers to look in exactly the opposite direction to that which progress is actually taking. Kautsky, for example, speaks of the "political bankruptcy of the small capitalists and farmers" at the very time when these classes are coming into power and bringing about a revolution, within the bounds of capitalism, so profound that even unskilled labor is getting some part of the benefit. And he speaks of the political maturity of the workers at the very time when they are becoming more and more clearly dependent for all immediate results on co-operation with small capitalist elements. (See Chapter XIII, and Appendix C.) Thus not only has blind partizanship led the best known Socialist leaders to a course that is bringing them to a blind alley—but they totally and continuously misinterpret every important feature of the present political situation. This purblind and self-defeating partizanship is briefly summed up in a recent article by Kautsky (on the present situation in the German Reichstag) in which he generalizes about non-Socialist parliaments:

"No bourgeois majority, no matter what its composition may be, will ever conduct an energetic struggle against the government in behalf of a genuine parliamentary régime, against militarism and the increase of the naval forces, and for radical social reforms. Such a

struggle can to-day be expected of a Social-Democratic majority only.

"Nowadays it is impossible to make up a Reichstag, or any parliament, in such a way as to make it capable of effecting great social and democratic reforms in the absence of violent pressure from without, unless the majority is composed of Socialists. The proletariat can no longer expect anything from any bourgeois party." <sup>7</sup>

Yet radical social reforms, of great and lasting benefit to labor, are being enacted in Great Britain, America, and Australia, without any Socialist pressure of great importance. And not only in America and Great Britain, but in several other countries, the capitalistic anti-military party is getting stronger every day, and already outvotes the Socialists in many parliaments.

Kautsky's reasoning is based on present German conditions and is drawn in large part on arguments taken from Marx's *Capital* (1869) and from the language Kautsky used in his Erfurt Program, written in 1892—as he confesses in a recent article. And the German Party's stand justifies him, for there is still no revision of this program, though it dates from 1891. We have since passed through a quarter century of by far the most rapid economic and political evolution of all history, but Kautsky admits having learned little or nothing of fundamental political importance in all this time. He still insists on the theories of the Erfurt Program: "the growing increase of the uncertainty of existence, of misery, of oppression, of enslavement, of degradation, of exploitation." <sup>8</sup> The only part of this statement that either corresponds to the facts of to-day or is in any way essential to the Socialist position is that "exploitation," or total profits compared with total wages, continues to increase.

Kautsky's position is that of Bebel and of the majority of representative Socialists. It misconstrues the whole

position of the more far-sighted and scientific wing of the capitalists, now coming into control. These Socialists, whose whole revolt is against the attitude of present society to labor, do not even know what the attitude of the present society to labor is. That this error, probably the most fatal ever made by any group of public men, is due neither to any special lack of intelligence, nor to any lack of devotion to their cause, can be testified by anyone familiar with the lives and work of the Socialist leaders. It must be traced rather to the fact that they belong to a past generation. Their truths were true—at one time. If their dogmas now survive at all this is due to the inevitable traditionalism and rigidity of an ultra-popular propaganda. But it is due still more to the highly artificial discipline by which the conflicting elements of the Socialist Party have been held together. In order to keep together in one party, a part of the small capitalists, the aristocracy of labor, and the masses of wage-earners (State Capitalists, State Socialists, and Socialists), Kautsky and Bebel and the Party Machine had to be given a very large measure of authority. So that it is not surprising that these two were even referred to as the theoretical and the political popes of the Party.

Kautsky is totally ignorant of the labor policy of the capitalist progressives. He does not dream that the conditions of labor are to be made better and better—without cessation—in order that profits may become greater and greater. Indeed, he still clings, with a very large part of the Socialists, to the opposite view:

“In general wages must be high enough to keep the workingman in a condition to work, or, to speak more accurately, they must be high enough to secure to the capitalist the measure of labor-power which he needs. In other words, wages must be high enough not only to

keep the working-men in a condition to work but also in a condition to produce children to replace them.”<sup>9</sup>

Wages must be higher than this in order to satisfy the new capitalist requirements. They must bring the laborer to that degree of efficiency and to that position in industry where he can render the most profits. More and more will be spent on him as long as his output increases still more rapidly than such expenditures. There is a temporary limit to this process, but this limit is constantly raised with the advance of the technique of industry. Kautsky still believes—as he did nearly half a century ago—that the tendency is in the opposite direction:

“Now industrial development exhibits a tendency, most pleasing to the capitalist, to lower the necessities of the workingman and to decrease his wages in proportion.

“There was a time when skill and strength were requisites for a workingman. The period of apprenticeship was long, the cost of training considerable. Now, however, the progress made in the division of labor and the introduction of machinery render skill and strength in production more and more superfluous; they make it possible to substitute unskilled and cheap workmen for skilled ones.”<sup>10</sup>

The old all-round trade skill, it is true, has almost disappeared. But in the place of a hundred specialized lines of work that have gone, industrial evolution and scientific management are introducing a hundred thousand new specialties. The new specialized ability may not be called skill, since it is gained by experience and needs no long continued instruction or apprenticeship, but it demands highly trained faculties and a high degree of effort. And it pays, as all scientific managers agree, to pay such services well. Labor is not becoming cheaper and lower paid. It is becoming cheaper and higher paid.

"Working-men are cheap," says Kautsky, "but large airy work-shops are dear." It may be doubted if this proposition was *ever* true, if looked at from the point of view of the interests of the employing class as a whole, and from generation to generation. And certainly it is becoming the very reverse of true to-day, now that the individual employers (except the most backward), because of new conditions, are coming to regard things from the class standpoint.

An excellent motto for the labor-policy of State Capitalism would be the reverse of the Kautsky formula. We may now say: "Working-men are dear, but large airy work-shops are cheap." For the capitalist class as a whole and in the long run (if profits are to be steadily increased) this undoubtedly holds true. Only a few lines below the passage just quoted Kautsky himself supplies one of the chief reasons why this is the case. If the expensive modern machinery "is not used to its full capacity it will bring loss instead of profit to the capitalist." The scientific exploitation of expensive machinery at high speed, without stops, and without waste of material or product, requires a larger and larger proportion of expensive labor. A worker who is even a small degree better than the average is worth much more than the average—if he can save even a very little of the time of these expensive machines.

This complete failure to comprehend the progressive capitalist policy leads Kautsky to suppose that all important legislation of benefit to labor must be opposed by all capitalist parties and can be secured only by labor pressure:

"For any important measure, the eight-hour law, for example, there will be found few supporters among the property-holding class.

"The property-holding politicians who are advocating



the modern measures are moved, not by philanthropy, but by the necessity of yielding to their working-class constituents. The struggle for labor legislation is becoming more and more a class struggle between proletarians and capitalists. On the continent of Europe and in the United States, where the struggle for labor laws commenced much later than in England, it bore this character from the start. The proletariat has nothing more to hope for from the property-holding classes in its endeavor to raise itself. It now depends wholly upon its own efforts." <sup>11</sup>

History has totally disproved these assertions. (See above—Chapter III.)

Kautsky himself cannot always keep to such obviously unfounded positions:

"For poverty is a source of danger to the whole social fabric; it breeds pestilence and crime. Accordingly, a few of the more clear-headed and humane among the ruling classes are willing to do something for the working class; but to the bulk of them, who neither dare nor can afford to break with their own class, the problem can no longer be that of the abolition of the proletariat. At best they cannot go beyond the elevation of the proletarian. The proletariat is by all means to continue, able to work and satisfied with its condition." <sup>12</sup>

It is rather extraordinary that Kautsky here makes "the abolition" of the proletariat synonymous with "doing something" for the proletariat. There certainly is no sign whatever that any number even worth mentioning of the ruling-classes favor the former move, for to abolish the proletariat would be to abolish profits and privilege. But when it comes to the abolition of poverty and industrial inefficiency, and so "doing something" for the working class, not only do a few of the ruling classes

favor this but probably already a majority. It is to the interest of the whole class, as Kautsky himself suggests, to abolish pestilence and crime. But this is only the lesser and negative side of the problem. The program of labor reform which the progressive capitalists have set before themselves means something more positive, the abolition of industrial inefficiency.

Indeed the anxiety of Kautsky and Bebel to show that there already exists a class-struggle between the ruling-classes and the laboring masses makes them frequently claim the State Socialist movement against private capitalism as part of the Socialist struggle, although they usually make a clear distinction. Bebel, for example, set Socialism over against "the bourgeois individualistic system,"<sup>13</sup> thus leaving the reader free to suppose that he has nothing against the bourgeois State Socialist system. He did this unquestionably because in reality the only concrete class struggle of to-day is that of the small capitalists against individualistic capitalism.

As Bebel, like Kautsky, denied any future social function whatever to the small capitalists, he must allot the bringing about of State Socialist and even State Capitalist reforms to the working-classes. A place is specifically provided for these reforms within the Socialist program, as an inevitable result of the fact that the Socialists left them no place outside of the Socialist movement. Extreme partizanship has thus led to the extreme of party compromise, not through bringing about a reaction against partizanship, but by the inevitable logical development of the partizans themselves until they have reached a Jesuitical position.

Bebel assumed that in modern society "a handful of monopolists become the masters of society."<sup>14</sup> If this were the case then, indeed, the present struggle against the plutocracy would combine into one harmonious whole

the class-struggle of the Socialists against all ruling-classes, the fight of the State Socialists against private capitalism, and the struggle of the small capitalists against the large. Bebel regarded all the features of private capitalism under the present monopolistic control, as permanent features of all class-ruled society until Socialism, thus completely confusing the movement against plutocracy with that against all class-rule and privilege—precisely as the small capitalist and anti-Socialist statesmen do who now dominate Australia and America and are beginning to dominate France and England. So also Bebel regarded high indirect taxes, high tariffs, a rising cost of living and imperialism as permanent features of class-rule. The conclusion was unavoidable that he who fights against these things is, to that degree, a Socialist.

Those Socialists, then, who contend the most strenuously that there is already a class-struggle of the laboring masses against the ruling-classes are the very ones to lose the political action of the working-people in the anti-monopoly movement, or, at best, to reduce it to a movement against *private* capitalism—instead of a movement against class-rule.

## CHAPTER X

### THE TRANSITION TO STATE SOCIALISM—THROUGH THE EXTENSION OF COLLECTIVISM AND DEMOCRACY

THE central feature of State Capitalism is the development of the small capitalist class and of its control over government. The central feature of State Socialism is the development of a class of more or less privileged wage or salary earners who are either employed directly by the ever-expanding government or owe their superior advantages, in some way or other, to legislation. The transition from the one form of society—or social policy—to the other depends on the relative growth of these two classes, and of other less important groups nearly related to one or the other of these classes. The coming of State Socialism will be hastened alike by any cause that checks the prosperity and numerical growth of the small capitalists and by any cause that increases the numbers and influence of the salaried and wage-earning class.

By far the most important group of small capitalists is that of the agriculturists. The next most important element, the small shopkeepers, are increasing less rapidly than in former years. The small manufacturers are being forced out of business in industry after industry—even building is being done more and more on a large scale. The new forms of land tax will greatly decrease real estate speculation, and the state will more and more

replace the private landlord. Another group, the *rentiers*, those who live on interest, will remain an important factor, though its numbers will not be recruited as rapidly as now.

Private capital will dominate agriculture long after it has been made entirely subordinate, if not abolished, in every other leading industry. Private ownership of agricultural land will also be lasting, though the agriculturists may prefer to invest their entire capital in machinery, cattle, and improvements and, instead of sinking capital in land, may be willing to pay rent to the state. This would provide a vast fund for the promotion of scientific agriculture, for roads, irrigation, drainage, scientific breeding of animals and plants, agricultural schools, the manufacture and improvement of machinery, the subsidizing of co-operative credit, buying, and selling, and of the preparation of food and other crops for the market.

The basic principle of every small capitalist government will be to endeavor, by this nationalization of agricultural land rent, and other means, to increase the numbers and prosperity of the small agriculturists. And there is every promise of success—for a certain period. First, no doubt, will come the extension of reclamation and irrigation, the introduction of new crops, the opening up of new districts by improved transportation. Then will come the compulsory sale of large estates and their division into small properties already so widely practiced in Europe and Australasia. And finally there will be an immense gain when the vast fund of agricultural land rent is expended in a centralized and scientific way—by state, nation, county, or co-operative association, and entirely for agricultural purposes—instead of going in large part, as at present, to idle landlords and holders of mortgages. There are many ways in which this nationaliza-



tion of ground rent can be brought about without disturbing agriculture or the present possessors. All taxes on agricultural land could be levied at first as an "irredeemable mortgage." No cash would be accepted by the government and it would gradually acquire ownership, when rent would begin. And this rent would be extremely low, we may be sure, under a small capitalist government, even though it went exclusively for agricultural purposes. The interest of the rest of the community, however, including even the rest of the small capitalists (those of the cities), in efficient agriculture and cheap food would not permit the rent to remain merely nominal for any long period.

The small capitalist state will be inclined to favor the smallest farmer, he who gets along without any labor except that of his wife and family and two or three laborers for a few days in harvest time. But expensive machinery and other modern methods cannot be used effectively on such farms. And the small capitalist state wants cheap food almost as much as it wants a large number of prosperous small farmers. The labor of wife and children produces economically a few crops, such as vegetables and eggs. In others, such as milk, butter and small fruits, co-operation allows fairly efficient methods. But even in these instances, when the cost of the labor of the women and children is reckoned in on the debit side of the ledger, there is less efficiency than in agriculture on a larger scale, while in other branches, such as grain producing and animal raising, the disparity is still greater. A considerable proportion of very large estates, it is true, also fail, but those of intermediate size, up to 500 and 1,000 acres, are more and more successful. State Capitalism, then, both in order to furnish cheap food and in order to provide a possible field of expansion and reward for the more successful of the very small farmers, will

be prevented from limiting too narrowly the amount of land the state will rent to a single exploiter.

The fact that there will surely be many moderately large farms limits the amount of land that will be left over for smaller ones. But it also has another important result. Agricultural labor will become more important as these moderately large farms become not so much larger as more numerous. The legal minimum or efficiency wage then in force will enable the exceptional laborer to make some savings and so will provide a constant influx of new agriculturists on the smallest scale. So many of these will clamor for land that all cannot be provided for. The government, to avoid being accused of favoritism to those already in possession, will be compelled to raise their rents to the full value of the land and a large proportion of those who inaugurate farms of their own will constantly fail.

Also in its extension of credit and of other favors the government will be forced to draw a sharper and sharper line against the farmers of lesser efficiency, who, as a rule, will be those of lesser capital. It will be forced accordingly to discriminate against the smallest holdings and in favor of farmers with one or two laborers. This means again the relatively greater increase of somewhat larger farms—and another check to the effort to constitute a more numerous agricultural class.

It also means still more laborers, and still greater difficulty for an agricultural laborer to acquire enough capital to become a successful small capitalist. Agriculture will thus sooner or later bring additional recruits to State Socialism and to Socialism and cease to add to the small capitalist strength. When this day arrives, and, as I have indicated, it is not many years off, State Capitalism is doomed.

The minimum or efficiency wage established by State

Capitalism will enable the exceptionally efficient agricultural laborer to save moderately, so that he may accumulate enough to equip a small farm, but only in exceptional cases, after many years of heavy sacrifice. So State Socialism will have little difficulty in winning him over to another ambition, the possibility of higher wages and more rapid promotion on farms of which not only the land but all the capital is governmentally owned and governmentally operated, and on a large and scientific scale. Already the scientific experiment stations are rapidly expanding on the one side, and, on the other, municipalities are financially interesting themselves in the supply of milk and meat and in markets. Under State Socialism they will undertake to reduce the cost of living for the residents of the cities by entering into one branch after another of agriculture, on municipal farms. The employment on these national and municipal farms will attract not only agricultural laborers, but even small farmers—for not only will high wages be paid, but there will be some profit-sharing as well—together with an excellent chance for promotion. And even the moderately large farmers and co-operators will find it more and more difficult both to get labor and to compete generally with such farms. For co-operators will prefer to share profits rather than merely to share expenses. Or, what is still more likely, the larger farmers and co-operative associations will be driven, at first, into certain special branches, until, one after another, they will be automatically forced to retire from these also. Such a process will take decades for completion. But it will begin under State Socialism, and it will be a relatively short time after that when private capital will at least cease to predominate in agriculture generally, though it may linger in a few branches.

This development will be hastened by the fact that a low cost of living, especially in necessities, is a basic

policy of State Capitalism and still more of State Socialism. Both systems are based on an effort to bring the masses to that maximum of industrial efficiency which the interest of the ruling class allows and demands. And under State Socialism the ruling class itself will have become so numerous, and the producers of necessities will be in such a marked minority within it, as compared to the consumers, that a low cost of living will be desired by the ruling class for itself, as well as for the more scientific and thorough exploitation of the masses.

Already in Australia half the voters, who only just now lost control over the government and may soon control it again, are for the regulation of monopoly prices. And, as the high cost of living is the chief political issue, the demand for lower agricultural prices—which are so much more important in the laborer's budget than all the trust products together—will soon become imperious and ultimately will be irresistible. This may not mean the regulation of prices but it will mean, as I have said, a policy of nationalization or municipalization of agricultural land and other measures aimed to bring lower prices by more efficient production. And it will mean, later, an increasing operation of farms by city and state.

So far in this chapter I have dealt with the rise of small capitalism in agriculture and its later relative decline in favor of collectivism. Of a corresponding effect and equal importance is the simultaneous rapid increase, under State Socialism, of collective ownership and governmental operation of industries. Under State Capitalism, all monopolies, all very large corporations, and all large scale industries will either be governmentally operated, or rigidly controlled as to finance, civil service, wages, prices, purchases and contracts. For the nature and function of a small capitalist government is to abolish the power of the large capitalists, wherever it has arisen.

But this process will still leave a large part of manufacturing and commercial capital in private hands—perhaps even a third or a half of the total.

Under *State Socialism*, however, when a low cost of living becomes a prime consideration to the new ruling classes on account of their personal expenses, as well as for the purpose of making labor efficient and increasing profits, the list of governmentally operated industries will be rapidly extended. Already we find that certain Labor Parties and also Socialist Parties that chiefly represent skilled labor are demanding the governmental operation of all *socially necessary* industries. According to this policy State Socialism will bring about the governmental operation of a very large part of all non-agricultural industry and of a considerable as well as a rapidly growing part of agricultural industry also.

State Socialism, however, will not operate or control any additional industries solely for the sake of improving the conditions of the labor employed. Its attitude to unskilled and semi-skilled labor is similar to that of State Capitalism, and its new and distinctive policy of improving the relative position and privileges of better paid labor can be accomplished almost as well in a privately owned as in a publicly owned industry.

The fundamental changes State Socialism will bring in the treatment of the laboring masses will be rather in their more careful protection against rise of the cost of living and in the greater extension of communistic benefits than in any increase of wages. The advanced collectivism of State Socialism will provide the governmental machinery for improving public health, for example, so that the physical welfare of the masses will be taken care of at nearly every point by public services. The same or similar results might be accomplished by a sufficient increase of wages, and certainly the more valuable indi-



viduals among the workers could be reached in this way. But, from the point of view of a government that regards the masses of laborers as working-machines, industrial efficiency can be far more effectively promoted collectively or communistically, by free government aid, than by an increase of individual wages. And a government that operates or controls by far the larger part of industry will be amply able to fill such sanitary and hygienic functions efficiently.

Communism will be widely extended under State Socialism, not only to everything that pertains to health, out-door life, recreation, and education, but to many other functions. The transportation of the masses to work and recreation will probably be subsidized, if not free, instead of being used as a source of profit or of taxation—as it is now in those countries where the railroads are government-owned. The homes of the workers will be improved, and public reading rooms, social centers, and play-grounds will be provided for, as well as many other functions, which among the middle classes now take place in homes. Indeed all these tendencies are already well under way. But the highly developed governmental machinery of State Socialism, together with the absence of the opposing interests that now stand in the way, will greatly accelerate them.

It is unnecessary to add that as long as this communism fails to provide that higher education and training that is becoming more and more indispensable for all the more desirable positions in governmental and private employment, as long as it does not support the children of the masses throughout this training, in the same way as the ruling-class parents support their children, it will not be carrying us even in the direction of social democracy. Like the other policies of democratic collectivism or State Socialism, it will merely be increasing the effi-

ciency of the minority, that is their ability to add to the income of the ruling majority.

These communistic expenditures, instead of furnishing free of cost, services used by all alike, may in some cases even purvey chiefly or exclusively to the masses, and still their net result, for many years, may be to furnish to the upper class a handsome profit above their cost. This is the case, as I have said, with all the "labor reforms," workingmen's insurance, the shorter legal work-day, etc.

There will be no tendency, under State Socialism, to subsidize labor, nor is there any demand for a general subsidy from most labor organizations—political parties or labor unions—since they are mostly controlled by the better paid workers. The object of this element, on the contrary, will be to increase the total of governmental profits and then to get a larger share of these profits for themselves. It is not necessary for this purpose to direct any legislation against the laboring masses. The negative policy of failing to give equal trade education to the children of the laboring masses is sufficient. The demand for skilled labor, moreover, will grow still more rapidly under State Socialism than at present. The law of supply and demand will then (i. e. under these two conditions) automatically advance the wages, and increase the numbers and political influence, of the skilled, and of other related social groups.

There is little chance, however, that all the growing social surplus left over, after the payment of efficiency wages to the skilled, will be used up in the increase of their wages and salaries. Nor will it probably be squandered by the new ruling-class, the skilled and others on the same level, in direct or indirect subsidies to themselves. It will be largely re-invested. The wages of the unskilled will be still further improved, more machinery bought, more professional and skilled labor employed,

and a still larger surplus will remain over for further re-investment. The inequality between the incomes and opportunities of the skilled and the trained and educated and those of the unskilled and semi-skilled will tend, as a consequence of this investment, constantly to grow greater—except as met by the resistance of the latter classes as shown in later chapters (XVI and XVII).

Thus there will be gradually established throughout the period of transition from State Capitalism to State Socialism a largely hereditary office-holding class. This will be done automatically and without any direct oppression, through the exclusion of the masses from the higher positions by the difficulty and expense of preparation for civil-service examinations. And the process will almost seem democratic, for the governmental and other positions that require more or less training will come to occupy the majority of the population. This is inevitably so because the new society will only reach a stable foundation when something more than half of the population are included among the privileged and ruling classes.

The State Capitalism into which the more advanced countries are already entering is founded both on the privilege possessed by a number of small capitalists and on privileged training. State Socialism, the first beginnings of which we are also witnessing, is based on one privilege alone—that of a special and expensive training. All other undemocratic features of society, all other inequalities and all the other economic injustice except this, the greatest of inequalities and the worst injustice, will disappear.

Society will be governed by those who follow certain occupations. This does not necessarily mean that only the professional class and the skilled alone will be favored. It may happen that the workers of whole industries will be given special advantages and included among the gov-

erning-class. Thus the railroads, as I have noted, are of such basic and strategic importance that, if a majority of their employees should strike, together with the great mass of wage-earners, the whole social system might be endangered. There are already evidences, therefore, that the great majority of railway workers—including many workers of comparatively little skill, will be given favored treatment. Probably only the very least skilled, like section-hands, will be excepted from this policy, since they alone are incapable of doing great harm in a strike.

The addition of this new *industrial* aristocracy of labor to the older *trade* aristocracy is being much hastened by the so-called "syndicalist" demand that the railways should be governed by the railway workers. Of course this is not intended to be taken literally, as the railways are the veins and arteries of society. But it does mean a demand of the wage-earners for better conditions and more power *by industry*. In most industries this demand will be little heeded, but in a few, such as the railways, not only may conditions be improved, but employees may be given more and more voice in the management. This will be considered as a sort of insurance by the governing classes.

Certain favored industries may even adopt profit-sharing arrangements, by which the government leaves a part of the profits to the employees, to be divided unequally among the various trades in much the same proportions as wages are divided now. Already governments allow the wage-increases of railroad employees to be shifted onto the shoulders of the rest of the community—which amounts to an automatic form of profit-sharing. And, indeed, many of the best known labor union contracts are of this character. The industrial unions concerned are perfectly aware that their wage increases are obtained, not from profits but from the higher prices

charged the whole community, and that they are therefore paid in large part by other wage-earners. If there is an occasional contract that does cut into profits it is easily violated by the employers' association, the employing trust or the employing government, through discriminations against unionists, shut-downs, and similar methods. The same groups of wage-earners which are most successfully co-operating with employers at the expense of the masses to-day will belong to the privileged ruling-class majority of State Socialism—and will continue to thrive at the expense of the laboring masses and the other less fortunately placed social classes.

Collectivism and political democracy cannot be held within the confines of a small capitalist society. The momentum of their growth will break the bounds of State Capitalism and convert it into State Socialism. But no matter how far collectivism and political democracy may go they cannot of themselves bring us to Socialism. They may, however, initiate a process which, if continued, will accomplish this result. And their tendency to do this is the subject of the following chapter.



## CHAPTER XI

### THE TRANSITION TO STATE SOCIALISM—THROUGH THE EXTENSION OF THE PRINCIPLE OF CLASS-STRUGGLE

THE present class struggle against the large capitalists is gradually evolving into a class struggle against all capitalists. And both the economic and the political reforms which now chiefly serve the interests of small capitalists are beginning to be extended to serve rather the interests of certain of the upper layers of the non-capitalists, namely, the more skilled wage-earners and the more expensively trained of the professional and salaried classes. The change from State Capitalism to State Socialism will be even more revolutionary than the change now going on from Competitive to State Capitalism, because it will alter the foundation of present society—a foundation that is being left intact by State Capitalism. That is, it will abolish capitalism, or the rule of capitalists in government and industry. And, with this fundamental change, the whole of the superstructure of civilization—economic, political, social, and cultural—will also be revolutionized.

But, while this change will be revolutionary, it by no means necessitates a revolution—in the ordinary sense of the term. There need be nothing sudden or violent about it, as the skilled workers and the other social groups mentioned are *very gradually* forcing their way into the majority in one place after another by means of the ballot, and through the evolution of industry, which continually

increases their numbers as well as the relative importance to society of the economic function they perform.

The present tendency often appears to be in the opposite direction, that is, there often seems to be an increase of the relative power of the small capitalists. But industrial evolution is bound soon to reverse this. Stewart and Rossignol note both these opposing tendencies in their "State Socialism in New Zealand":

"The land legislation of New Zealand, though apparently Socialistic, is producing results directly opposed to Socialism [i. e., to State Socialism], by converting a lot of dissatisfied people into staunch upholders of private property. The small farmers then are breaking away from their former allies, the working people of the towns, who now find themselves in the minority, but who are increasing in numbers, and who will demand, sooner or later, a larger share in the product of industry as the price of their loyalty to capitalism." The authors fail to note, however, that it is not at all necessary that the interest of *all* the workingmen of the towns should be consulted. The new majority may be made up as effectively, and far more economically, from the small capitalists' standpoint, by gradually admitting to power, one after another, a few of the upper layers of the workingmen only. For a time, at least, this will assure the loyalty of these groups of workingmen to a semi-capitalist ruling-class, of which they will become a part. But it will not permanently assure their loyalty to State Capitalism. For, as government ownership and the scientific organization of industry make them a more and more important part of society, they will use their balance of power—situated as they are between the small capitalists and the masses of the wage-earners—to establish a society in which they are the basic and central party, namely State Socialism. The small capitalists will not be plun-

dered in this new stage of progress, but they will lose more and more of the control of their property until they also become *direct* dependents on the State. They will remain a part of the ruling class, but will not be in a position superior to favored groups of government employees or the professional classes.

The process is being considerably hastened by the fact that the ranks of the small capitalists are being more and more overcrowded. As the small capitalist State increasingly aids and subsidizes small capitalist producers, their numbers will be more and more augmented from the upper layers of the working class—and other social groups on the same income level. This in itself will bring the two classes closer together. But, above all, it will greatly augment the number of small capitalist failures and bankruptcies. *The government can increase the numbers of the small capitalists, but it cannot prevent overcrowding in exact proportion as it favors them.* That growing number of small capitalists who are always threatened by failure will welcome State Socialism. For, while State Socialism will no longer hold out the more or less speculative chance of a fairly large income which is promised by State Capitalism, it will give the small producer a secure position and a satisfactory income, either under the government or in close affiliation with it. The small capitalists, then, will contain a growing fraction of thorough-going State Socialists.

The intellectual leaders also of the present movement towards State Capitalism tend more and more to pass over into State Socialism. This tendency has become very marked of late in America. When William Allen White, for example, says that "capital, the product of the many, is to be operated fundamentally for the benefit of the many,"<sup>1</sup> he endorses a principle that passes, as far as the phrase is concerned, even beyond State Social-

ism into Socialism pure and simple. But in actual practice this phrase means only that capital is to be controlled by the majority of "the many," which, however, would soon lead us through State Capitalism into State Socialism.

Similarly, Dr. Lyman Abbott advocates what he calls "democratic Socialism," though it is really democratic collectivism only. He says the new radical movement aims to abolish "capitalism," "the wages system," and "the distinction between the possessing and the non-possessing class." This is exactly what State Socialism will do, but far from establishing "industrial democracy" and abolishing classes, as Dr. Abbott claims it will, this system will merely set up government by a certain majority and put a new social class in power: the aristocracy of labor. Like all the social changes through which we are passing or are likely to pass it will bring great improvements for all classes. But it will give the control of government and industry and of the economic surplus, after providing for an efficient lower class, into the hands of the new majority.<sup>2</sup>

So, also, the keen analyst of popular movements who edits the New York Journal writes that the people will some day say to the trusts:

"Thank you very much. We have learned the Lesson. We see that it is possible for One Power to own and control All Industry, All Manufactures, All Commerce, and we, the People, will be that One Power." Of course the question remains, Who will compose the majority of the people when that day arrives?<sup>3</sup> As long as there is a very large minority who have never had an equal industrial opportunity, there is no genuine industrial democracy, but merely State Socialism.

State Socialism in America is merely a goal, though one that is ever drawing nearer. In Australia it is rap-

idly becoming a fact. The Labour Party, which has governed Australia for several years, is undoubtedly evolving steadily from a State Capitalist party, at the mercy of those of its supporters who are drawn from the small land-owners, into a State Socialist party relying for its power upon the upper layers of the wage-earners and other social groups at that level of income and opportunity. It is true that this Party has just been defeated by a narrow margin. But the two referenda taken within the last two years show a very rapid increase in the popularity of its policies, and almost certainly promise their acceptance within a few years. These policies centre in the fixing of wages and prices by the government. Wages are already regulated in large measure by the state governments. The Labour Party proposes that they shall be still more thoroughly regulated by the national government. Prices are to be fixed "where effective competition does not ensure a fair and reasonable price to the consumer." <sup>4</sup>

It is true that agricultural prices, which have more to do with the high cost of living than all others put together, are especially exempted from this price regulation. It is also true that the Labour Party pledges itself to continue the £5,000 (\$25,000) exemption from the progressive land tax. And this shows that the Labour Party still considers itself dependent on the small capitalist vote. But already such voters, as indicated by the last election, have largely gone over to the other side—leaving only the less prosperous in the Labour Party.

There is little question that Australia is on the verge of trying price regulation on a large scale. And, when this is done, it will find that the high price of food is by far the greatest element in the high cost of living. A country that has already applied a graduated tax to agricultural land will not long delay in lowering the £5,000



exemption and in appropriating a larger and larger part of the future rise in the unearned increment of agricultural land, the chief cause of high food prices, to public purposes—especially to the purpose of reducing the high cost of agricultural products. Already the movement for land nationalization is strong in the Labour Party, and the nationalization of land rent is merely the scientific way of accomplishing this object.

In Great Britain, also, the movement for land nationalization (or the nationalization of ground rent) is growing very rapidly. Not only has the Government decided to take 25 per cent of the future rise of city land rents but Lloyd George has announced that it has still more radical steps in view. The most radical part of this new program is that which circumscribes the rights of the landlord against the tenant, not only giving him an almost permanent tenure, but giving him also every advantage in the determination of the amount of rent, which is practically to be fixed by the government. The *aim* is to aid small agricultural capitalists—who, in Great Britain, already have their capital concentrated in farm animals, machinery, etc., rather than in land. But the *method* is very radically collective. The conditions under the new law are thus ably summarized by an American editor <sup>5</sup>:

“The landlord cannot raise the rent on his practically immovable tenant except with the approval of the land commissioners, if the tenant chooses to appeal to them. Present rents of small farms, the chancellor opines, are pretty often too high, and the commissioners will be empowered to order a reduction of such rents whenever that seems equitable. Then, if the tenant is obliged to pay higher wages for farm labor, he can claim a proportionate reduction of rent, throwing part of the wage increase on the landlord.

"Again, if a period of agricultural depression develops, through successive crop failures or prolonged low prices, the tenant may appeal to the land commissioners and secure a proportionate reduction of rent until times improve.

"In every settled country ownership of land is a monopoly, because no one can get any land except by buying out an owner. In Great Britain this monopoly is in comparatively few hands. The government does not propose to trust-bust the monopoly by parcelling out the lands. It proposes simply to brush the private monopolists aside by taking over practically the whole management of the business. The landlord will still receive his rent—such rent as the government permits him to exact—but beyond that he will have very little to say in the matter."

This Government measure aimed to enable agricultural laborers to own small holdings or to rent them economically, and so working at first in the opposite direction from collectivism, is endorsed by the Labour Party. But the Labour Party is, after all, not a party of small capitalists and the growing strength of the land nationalization movement, which has now been flourishing in Great Britain for more than a quarter century, especially among the wage-earners, is sure to push it forward soon. The skilled trade unionists that govern the Labour Party are bound, in the long run, to take up policies that will improve the economic position and increase the political power of the classes they represent, and those on a similar economic level, at the financial and political cost of the upper classes—of the landlords first of all, but later of all employers and capitalists.

At present Premier Asquith's land program and economic policy are based on the very opposite principle. For he vigorously attacked the doctrine just mentioned

in Parliament (June 11, 1913), and very accurately defined it as the doctrine "that a democratic government should be concerned with the constant amelioration, at great expense to the community, of the social conditions of the less favored classes of the country at the cost of other classes."

It is true that this "doctrine," which is indispensable to State Socialism—until it gets into power—is not yet fully grasped even by British State Socialists, and is rarely, if ever, applied by them in matters of immediate and practical reform. But it is being increasingly applied in several countries, in certain modifications, by existing governments—including that of Great Britain under Premier Asquith.

To begin with, the social conditions of the less favored classes are being ameliorated at the expense, not of all other classes, but of the owners of "unearned incomes," of monopolists, and of landowners. At least this is the explanation of the policy of the present British government given by Asquith's ministerial associates, Winston Churchill and Lloyd George.

Second, the wealthy are being made to pay an increasing proportion of the taxes—not only because they are to be the chief beneficiaries of the new social reforms (a topic I have dealt with in previous chapters), but because they are held to be the double beneficiaries of government expenditure generally, which protects their property as well as their lives, i. e., just as it protects the lives of all of the population. This is the ground given by the present French government for its promise to place the chief burden of the heavily increased military expenditures on graduated direct taxes.

Third, the German government, in levying still heavier and more steeply graduated taxes than the French, gives a still more cogent defense. The wealthier the individual

the more he is able to pay without crippling the productive capacity of the nation. Thus the German government applies to the rich the railroad policy of charging "what the traffic will bear." And there can be little question that both France and Germany will allege similar reasons when, in the near future, they proceed to expend a part of the proceeds of this same form of taxation, not for militarism, but for social reform—the amelioration of the conditions of the less favored classes.

Lloyd George, Roosevelt, Professor Wagner, and many others have advocated the use of taxation for the more equitable distribution of wealth generally, that is, have adopted *in toto* the principle Asquith denounces. But the other taxation policies just mentioned—namely, that the wealth of a certain part of the wealthy classes belongs to the community, that the wealthy should be made to pay a special price for the protection of their property, that they must bear the chief burdens because they are best able to bear them—will, in the long run, amount to much the same thing, that is, to the use of taxation to bring about a somewhat more equitable distribution of wealth. If sufficiently extended, any one of these doctrines will suffice. For example, nothing can stop the constant increase of the taxation of that group of the wealthy whose income Churchill regards as unearned. And, if all three principles are taken together, they are quite as radical as the general doctrine denounced by Asquith, and will soon lead up to it.

The only additional point we need to remember is that "the less favored classes" are not a unit, and will not profit equally in the expenditure of the new taxes. While, by this policy, the conditions of all will be improved constantly, and at public cost, it is only when a group becomes part of the political majority that its *relative position* will be improved at the cost of the upper classes.

Every great political overturn marks the coming of some new social group into a position of political power. When the new group has once obtained power it receives governmental benefits at the expense of the *upper* classes—for it does not pay to increase the burdens of the *lower* classes and so “to kill the goose that lays the golden egg.” On the contrary, as I have shown, more is to be obtained from these classes by a constant increase of the outlay scientifically expended on them.

The true nature of collectivism under capitalistic direction and of current social reforms, which are aimed to increase of profits, is being grasped at last even by the most dogmatic and least democratic of British collectivists. Even Bernard Shaw has now seen a new light.<sup>6</sup>

“Collectivism is not Socialism. We have pooled the London water companies, the London bridges, and the telephones, just as we shall presently pool the railways, but the income they yield is distributed as unequally and absurdly as ever. I am a railway shareholder, and shall be very glad to have the railways nationalized, as it would mean, in effect, government security for the income I get from the money you, dear reader, pay for your tickets. Complete collectivism is quite compatible with the maintenance of privileged classes and rich idle classes at the expense of a proletariat in which the hewers of wood and drawers of water would receive barely enough to keep them alive when their work was needed and be flung into the gutter to starve or into the common workhouse when it was not needed.”

Shaw shows in these last lines that he does not yet appreciate that the capitalists are rapidly realizing that, in order to get the maximum profits, even out of “hewers of wood and drawers of water,” these workers must not only be kept alive but must be made healthy and effi-



cient. But his main conclusion, that collectivism, in the hands of privileged classes, means a more equal distribution of income, will hold true for the masses of the wage-earners, even after half of the population is admitted, on more or less equal terms, into the privileged class.

NOTE.—On page 202 I predicted that the British Labour Party would soon change its small capitalist position on the land question for a position in accord with the interests of the aristocracy of labour. As so frequently happens with progressive movements to-day, the event took place even before it was expected. The conference of the party on January 29, 1914, passed a resolution warning the working people against the Liberal (Lloyd George) reforms on the ground that they would merely perpetuate private ownership through the creation of small landowners and other means, and urged that only those measures should be favored which would lead towards the ownership of the land and its values by the community. The resolution proposed that a tax should be levied upon all town and agricultural lands, by means of which the State could buy its lost titles within a reasonable space of time and on conditions just towards all existing interests.

## CHAPTER XII

### THE CLASS-STRUGGLE WITHIN THE WORKING-CLASS

THE social class I have variously referred to as the skilled workers, the upper layers of labor, or the aristocracy of labor, is based on a privileged occupation, a higher income, and opportunities above those of the average wage-earner or his children. I have pointed out that these privileged workers are becoming a part of the majority that controls governments. They are also dependent upon governmental favor for the continuation of their privileges. If they are members of skilled *trades*, they rely upon the government not to educate so many to enter these trades as to cause a fall of wages and a decrease of privileges. If they are members of exceptionally important *industries*, or services, like the railways, telegraphs, and post-office, they will also receive favored treatment from the government, even when they have no very special skill—in order to prevent the enormous losses strikes would entail. But the workers of this group are as dependent on governments as governments are on them. It is true that despotic governments, like that of Prussia, do not yet deal liberally with the railroad workers, which makes many of them Socialists. But, when Prussia is democratized and under small capitalist control, the same attitude may be expected on the part of its government as already prevails in this country, where it seems an accepted part of public policy that railway workers should receive exceptionally good treatment—including those who, like firemen, conductors, and

trainmen, do not as a rule require the highest degree of skill. And we may expect to see this attitude extended gradually to other and less skilled railway employees. The situation in France and Great Britain is transitional. But recent strikes are already bringing these countries to adopt a policy similar to ours. And wherever this policy is adopted the railway workers are separated in their economic interests from the laboring masses. It may pay the laboring masses to continue in *political* unity with these and other skilled workers until the demands of the aristocracy of labor are fully granted and State Socialism is firmly established. But the economic conflict that is already raging between the skilled and unskilled, in America, Australia, France, Italy, and Great Britain, is bound under State Socialism to bring about a political separation also.

The separation of the labor movement into two parts, profoundly antagonistic on many fundamental issues, is most advanced in France. It is obscured in that country by an apparent conflict between the political and the economic organizations. But all social conflicts are at bottom class struggles—based on an underlying conflict of interests which is at once economic and political. This conflict within the labor movement of France, as in other countries, is based on the opposition of the interests of the skilled (and other similarly situated social groups) to the interests of the unskilled and semi-skilled. This internal class-struggle has taken on the false form of economic vs. political organization, of labor union Socialism vs. political Socialism, because certain elements of the working classes are only just finding to which group they belong, i. e., as between the skilled and the unskilled. The skilled workers of to-day were preceded, first, by artisans, who could hope to become small employers, and later by craftsmen, whose skill re-

quired so many years to learn that it was easy to make it the monopoly of the workers involved in the trade. The craftsmen are still the dominating factor in many of the older *trade* unions in every country. In France both artisans and craftsmen are exceptionally numerous, and, as they come to be replaced by the new type of skilled or unskilled workers, they have become bitterly dissatisfied and extremely radical. As they represent a decaying class which has no future, they have no real affiliation with any element of present society. Hence they become at once ultra-revolutionary and ultra-Utopian, in a word Anarchistic. And in France this class has not only thrown in its lot with the unskilled, but has often led them, and has always had a deep influence.

Nor are the artisans and craftsmen the only factors that have obscured the underlying issue between the aristocracy of labor and the laboring masses in France—and made it look like a conflict between Socialist unions and a Socialist political party. The French government has been so subservient to the large capitalists and so bureaucratic as to drive a large number of government employees, railroad workers, post-office and telegraph employees, and even school teachers, into temporary alliance with the laboring masses. But this movement has already been checked by large concessions from the government, and, when the present wave of militarism has subsided and small capitalist democracy is once more in the ascendant, there is little question that such government employees will be treated with an ever greater liberality.

Discounting the effect of these temporary phenomena, we still see that they can by no means explain away the profound significance of such divisions in the French labor movement as these: the approval of the government's working-men's pension law by all the Socialist

members of Parliament but one, its almost unanimous rejection by the Confederation of Labor; the denunciation of "sabotage" by all the Socialist members of Parliament but one, its approval by an overwhelming majority of the Federation of Labor, etc., etc. This class-struggle has existed now for nearly ten years, and it may safely be said to be growing greater rather than less. (See Appendix E.)

The situation has also been confused in Great Britain by the temporary sympathy between the skilled railway workers and seamen, involved in the strikes of 1911, and the new revolutionary movement of the unskilled, as seen in the transport workers' union and the revival of older unions of unskilled, like the gas-workers. But the better treatment skilled seamen and railway men are gradually getting will soon remove them as far from the masses of laborers as the older craftsmen were—and the Dublin strike has already shown the widening gulf.

One of the clearest indications that the fundamental class-struggle between the two classes of wage-earners has spread throughout the whole of the international labor movement is the denunciation of all independent movements of the unskilled and semi-skilled by the International Secretariat of Labor Unions, which is dominated by the German Socialists and German Socialist Unions—but has embraced nearly all larger and older unions in all countries. The French and Italian Syndicalists are attacked frequently and referred to as Anarchists, while members of American "industrial" unions, in which the unskilled dominate, are called "syndicalists"—even when they are actually members of the Socialist Party.<sup>1</sup> At the same time the Australian Labour Party is favored—though it is non-Socialist and is bitterly criticized by the unskilled workers and the Socialists of Australia. As the weekly bulletin of the Secretariat is



published in nearly all the Socialist and labor union papers of the world, it may be seen that this amounts to an aggressive and powerfully organized effort to repress the revolt of the laboring masses. In Italy, after a long struggle, the laboring masses are gaining control of some of the most powerful labor organizations. This meant secession from the general movement on the part of the railway workers and such other unions as can expect governmental or legislative favors, especially in view of the recent establishment of universal suffrage. The separation became more fixed than ever after the general strikes in Milan and other cities in 1913. The Secretariat thereupon made a furious attack on the unions of the unskilled, and gathered money for their opponents, but all in vain, as the Milan general strike swept nearly the whole movement along with it.<sup>2</sup>

The Secretariat claims that European unions do not recognize any other membership card than those by American Federation of Labor Unions—which is certainly not true of the European syndicalistic organizations.<sup>3</sup> The Socialist Secretariat explains that it favors the non-Socialist American Federation of Labor (which has been working chiefly with the Democratic Party in this country) because it “refuses to recognize the principle of disorganization, of rival unions, of disharmony in the ranks of labor” and says that if a worker stays outside the A. F. of L. he will be considered “an ally of the employing class.” The Secretariat attacks Haywood, of the Industrial Workers of the World, as a “syndicalist,” and suggests that his lectures and propaganda are “injurious to the labor movement.” In the same number of its bulletin it defends the non-Socialist Australian Labour Party against the attacks of the Australian Socialist Party, and includes a defense of the former’s support of militarism and royalty.

In Australia and New Zealand we see some of the clearest examples of this conflict. After twenty years of "Liberal and Labour" Ministries in the latter country, and all manner of collectivist and labor reforms, we find the ranks of labor squarely split on the subject of compulsory arbitration. Edward Tregear, for many years head of the Labour department, confessed that one of the causes of the bitter war that was waged during 1912 between the Federation of Labour and the unions affiliated with the United Labour Party, was the "different strata of wages and craft-skill, and want of sympathy wrought by diversity of occupation." This is a fundamental difference, indeed, in fact the deepest line of cleavage that society can produce. The Federation of Labour, which included the miners, stood for "One Great Union" and "the Industrial Revolution," and gathered into its ranks the important organizations of sheep-shearers, wharf-laborers, and others. The United Labour Party was supported by "the old craft-unions federated into trade-groups—such as Building Trades, Transportation Trades, etc." <sup>5</sup>

The immediate cause of difference was that the unskilled opposed, while the skilled favored, the compulsory arbitration act, and the skilled and unskilled of Australia also took sides in the dispute, the Australian Labour Party against the unskilled, of course. As the parties in control in both New Zealand and Australia at the present moment are not "Labour" parties, but conservatives, the skilled, who dominate the "Labour" parties, are now—temporarily—united with the unskilled against the government, and especially against the menace of compulsory arbitration *in its present form*. But this unity can last only *as long as the skilled are not in political power*. For the skilled workers of New Zealand will not all give up in a few years a movement (compulsory

arbitration) to which they were wedded for two decades. And, in Australia, the railway-workers have just led the Labour Party into an effort to *strengthen* compulsory arbitration and they have every promise of early success. There, as in New Zealand, it is the laboring masses, unskilled and semi-skilled (except the very lowest paid), that are opposed to having their wages fixed by government. And the rapidly growing Australian Rural Workers' Union, which already has gained 50,000 members, within a short time after its organization, promises to embrace a large part of the laboring masses in that country.

While the laboring masses have nothing to gain by opposing the aristocracy of labor on the political field, they also have few favors to expect in exchange for their political support. In New Zealand, when the small capitalists were afraid that the wages of the largest group of the unskilled, the rural workers, might be raised by the government, they excepted rural workers from the benefits of the compulsory arbitration act. But, when they realize that the skilled are only fighting for themselves, and will not be likely to use the law for the benefit of the rural workers or any other unskilled group, this exception may be removed. The very hostile attitude of the Labour Parties of Australia and New Zealand to strikes of the laboring masses, especially when these Parties have controlled the national or state governments, shows the laboring masses what they have to expect. They know that compulsory arbitration may give the railway workers a growing proportion of the national product, but they know also that it will never raise the condition of the agricultural laborers and other unskilled above the efficiency level. Politically, the two groups will continue to act together, as the unskilled, if alone, are a minority of the total population. But the economic conflict between

the two classes will show the small capitalists that there is no danger that the skilled will make any political sacrifice for the unskilled and so no danger of a *general* increase of wages. The skilled will not risk losing the political support of the small capitalists by raising the wages of the unskilled labor beyond the efficiency point. In thus deserting the unskilled the aristocracy of labor runs no risk of losing their political support; for, politically, there is no other place for the unskilled to turn; and after all they have more in common with the skilled workers than with any other class.

The Labour Party of Great Britain—which is far more completely in the control of the aristocracy of labor than any Labor Union Federation or Socialist Party of the world—is very friendly towards the Australian Party and in the main resembles it, except as to international issues, such as militarism, the race question, and the tariff. (See Chapter XIV.) The British Labour Party is against *compulsory* arbitration of labor disputes, but has favored governmental intervention in recent instances (the Seamen's, Railwaymen's and Miners' strikes), and looks forward to governmental intervention in the future, notwithstanding the fact that government statistics show that the recent increases in wages secured through governmental aid—even when added to all other increases from 1896 to 1912—did not keep up with the rise in the cost of living, to say nothing of keeping up with the increase of the national wealth. The attitude of the British and Australian Labour parties towards the unskilled, moreover, is almost identical.

The British collectivists and social reformers—whether Socialists or not—are also in close sympathy with the Australian Party. Their leading organ, *The New Statesmen*, thus sums up the Australian situation after the loss of the government in 1913—as it appears to these prac-

tical "Socialist" politicians, who frankly ignore the claims of the laboring masses against the rest of the community—on the ground that they are politically impotent:

"In Australia, on this occasion, it was specially the growth of the Rural Workers' Union, which has suddenly sprung into a membership of 50,000—one-ninth of the whole Australian Trade Unionism—and the startling demands for higher wages and better conditions which it has been putting forward, which have scared men of strongly progressive opinions, who feel themselves to be no more 'plutocratic capitalists' than *the extra 'hands' whom they hire for harvesting*. The extremists, with their vigor and their fanaticism, always make the party go too fast for its rearguard. It is almost impossible to get the members of any party to realize that, if they are to survive *as a majority*, they must vote not for all that they individually believe in, but only *for as much as the party as a whole can stand*. It is a problem which the practical Democrat can never escape."<sup>6</sup> (My italics.)

This is not only practical but sound and incontrovertible. If you are to keep a majority you must do exactly what the *rear* guard, the most conservative, say. You must obey those who now hold the balance of political power, namely, the *small employers* of unskilled labor referred to in this passage. And as industrial evolution gives another class the balance of power, namely, the skilled workers, they must in turn be conceded absolute control of progressive legislation. In each case the unskilled have to follow—and *to some extent vote against their own interests*. They are doing this because it is the lesser of two evils. But they are not doing it gladly, and they will not do it any longer after the aristocracy of labor will have fulfilled their historic and revolutionary



function of overthrowing capitalism and setting up State Socialism in its stead.

The effect of "State Socialism" in improving the relative position of the skilled, without advancing the unskilled beyond the point of maximum-profit-making machines, is shown conclusively by the wages fixed by Australasian authorities—even under "Labour Party" governments. The first effort of the workers in the government wage-courts was to demand increases on the ground that the employer could shift the burden of increased wages on the consumer. Thus prices rose generally, with the following result. Profits, on the average, were not deeply affected. In any industry where the skilled workers are very numerous, or in any industry the employees of which are favored for any other reason, the increase of wages can be raised somewhat above the average increase of prices, leaving many other industries where the opposite rule must hold and *real* wages must actually go down. I have already shown how the wages of the unskilled in Australia were fixed from 1907 to 1912 (and at the low figure of 7 shillings), while prices were rising by leaps and bounds. Even the New Zealand courts, which had fixed this minimum at 8 shillings, advanced it to 9, though only at the end of this period—an increase probably less than the increased cost of living.

*This* minimum wage, fixed at a point below which the men would be "underfed or degraded," is "a thing sacrosanct beyond the reach of bargaining," to use the expressions of Justice Higgins, president of the national tribunal.<sup>7</sup> When employers cannot pay *this* wage, the Justice is willing that they should "abandon the enterprise." This much benefit is assured *to the lowest levels* of the unskilled by the self-interest of employers. It is against the interest of employers as a class that any employees should be underfed, degraded, or allowed to de-

generate and to lose in industrial efficiency. But it is not to employers' interests as a class to advance wages beyond this minimum.

Therefore the ceaseless effort of employers in Australasia is to show that any increase above this point will make the employer "abandon the enterprise." And this plea is allowed by Justice Higgins in so far as the men are not actually "underfed and degraded," and is disallowed only in the contrary case. Now there will always be employers ready to enter into that business in which they expect low wages will be allowed. They may be almost as efficient as the others, but every industry is overcrowded, and so many will always be on the verge of bankruptcy. They have only to show this condition to the Australasian courts to prevent them from raising wages above the minimum.

*Thus the minimum wage, under an employers' government, tends automatically to become the maximum wage that the courts will guarantee.* Already the majority of the workers are receiving very little more than the minimum—in New Zealand the semi-skilled get an average of only 25 per cent more than the lowest paid. This, as Hammond remarks, is barely enough to make it pay "to learn a trade." That is, this figure is really fixed on the same principle as the minimum, since it also barely covers *the cost of production of this semi-skilled labor*. But the skilled, at least, can make themselves felt politically, as recent elections have shown. Already in New Zealand, as Tregear says, the small capitalist government has seen that its only hope to extend its lease of political power is "to keep the workers divided." And this can be done only in one way, a way that is certain—though expensive. The demands of the topmost layers of labor, whether as to wages or other matters, must be granted.

In Australasia, then, the skilled workers are rapidly

getting into a position that will enable them to force the small capitalists to admit them to a full partnership in government. This may be done equally well whether a "Labour Party" or a small capitalist party is in power. For, even if the aristocracy of labor is out of power, the small capitalist government must make continual concessions to it for fear their administration may be overthrown.

There is every indication, in advanced countries, that the Australian situation will soon become general. It does not mean a dictatorship of skilled labor—nor the oppression either of small capitalists or of laboring masses. Nor does it mean any check in the progress of either of these classes. But it does mean the gradual reduction of the small capitalists' privileges, and the gradual increase of the privileges, relative income, and relative opportunity of the upper layers of manual and brain workers and their children. It does *not* promise any such *relative* advance for the unskilled. But it does promise an absolute improvement of their income, education and opportunity more rapid than that we see to-day—an improvement that will prove of highest value in the further struggle for equal economic opportunity.

The class-struggle between large and small capitalists is establishing State Capitalism under our eyes. Already the conflict is beginning to pass over into a class-struggle between small capitalists and wage-earners, and State Socialism, the outcome of this second struggle, already seems to be drawing near in Australia. But this new alignment, as we can see by the *increasingly* bitter antagonisms within the labor movement, can by no means prove lasting. The conflict between the small capitalists and the aristocracy of labor, as we begin to see in Australia, is developing into a third form of class-struggle, a class-struggle within the working class—an effort of the

laboring masses to abolish all privileges and all classes, and to establish equal economic opportunity—which is Socialism.\*

But before passing to the transition of State Socialism into Socialism, we must see more definitely what State Socialism is, what it has to offer, and, above all, what are its limitations. And this is the subject of the three following chapters (XIII, XIV, and XV).

\*For the purposes of discussion I have sharply differentiated State Capitalism and State Socialism. This differentiation does not, however, imply that State Capitalism and State Socialism cannot or do not act together against a common enemy. Already the Laborites and the Radicals are closely affiliated in England, and J. R. MacDonald, chairman of the Labour Party, openly favors a larger organization to include his party. The larger organization is to be guided by Labour Party "principles," but this is no hindrance, in view of MacDonald's very broad interpretation of these principles, both in theory and in practice. Keir Hardie also expects a coalition government as he indicated in a speech before the City Club of Chicago:

"My anticipation is that Lloyd-George and the Socialist Radical wing of the present Liberal party will join forces with the Labor party."<sup>7</sup>

In Holland and Denmark, during 1913, the Socialists (Laborites) were so close to the Radicals that the latter not only invited but begged them to participate in a coalition government. Such governments are then not only a possibility but a probability of the immediate future. But they are merely transitional; when State Capitalism is firmly established, the Radicals will have no further need of their State Socialist allies and the latter will be forced back for a period into the opposition where they will again proclaim Socialist as well as State Socialist opinions. They will continue in such "Socialist" opposition, until they are able to drive the State Capitalists from power. And if new coalition governments of State Capitalists and State Socialists are then formed against another common enemy (the Socialists), it will be the State Socialists who will dominate. So that the coalition in this case will be a coalition in name rather than in fact.

## CHAPTER XIII

### STATE SOCIALISM, OR LABORISM

NEARLY all Socialist Parties are now devoting their chief attention to the policy and program of "Laborism" or State Socialism. And they will not turn their energies to Socialism again until State Socialist or "Labor" governments will have been established, and their present State Socialist members will have become office-holders or beneficiaries of these governments. But among the supporters of the Socialist Parties there are large numbers of Socialists. The majority of the members of these Parties probably believe that they should give their energies mainly to Socialism and not to State Socialism. And when State Socialist governments are once firmly installed there is no doubt that their wish will be satisfied, since there will then be no further alternative before the Socialist Parties other than Socialism.

But to-day this same force of circumstances, logic of events, or political situation, brings it about that all issues which stand any chance of immediate settlement can have only a State Capitalist or a State Socialist solution. Indeed no other solution of any question is even thinkable until a Socialist majority is either actually present or is seen to be impending.

Thus there is to-day an almost irresistible outside pressure on Socialist Party officials, Socialist members of Parliament, Socialist editors and writers, tending to sweep them into the current of the times—a current



which is wholly non-Socialistic and sets towards State Socialism or State Capitalism. And, when this pressure does prove irresistible, the "lost leaders" carry along with them the machinery by which the Party is controlled. For, though far more democratic than other organizations, the Socialist Parties are by no means perfect democracies, nor are the members as well-informed and aggressive in defending their interests as pure democracy and Socialism require. In spite of all that can be said there are "leaders," and these are selected as being the part of the movement most accessible to every manner of outside influence—with the sole exception of sheer financial bribery (which is out of date as a means of influence anyway). The result is that such leaders are controlled almost as much by non-Socialist flattery, suggestion, "public opinion," political pressure, and political promises (though not usually by personal pressure or personal promises), as they are by the wishes of those they claim to serve. The whole Party machinery thus stands half-way between the Socialists and the outside non-Socialist "public," which favors either State Capitalism or State Socialism. And so the Party machinery is used almost as much to bring the Party to follow its leaders, who follow the non-Socialist public, as it is used to persuade the non-Socialist public to follow the Party. Thus it was that the recent revolutionary reversal of the policy of the German Party was not even first submitted to a Party Congress—and even if it had been so submitted this would not have been a democratic method. (See Appendix C.) This Party professes to believe in the Referendum, but during recent years it has not submitted a single public question of first importance to a Party vote. And the Party Program, now twenty-three years old, has not been placed before the Party for reconsideration in all this time. The Party clamors for equal elec-

tion districts for the Reichstag, but leaves the basis of representation on its own national committee and also for some of the state congresses on a grossly unequal footing. Nor are conditions much better in the Socialist Parties of other countries. Everywhere we find highly complicated political machines in firm control—somewhat tempered, it is true, by democracy—and certainly superior in this respect to other political organizations. But everywhere we find a strongly conservative bureaucracy manipulating the far more radical membership to the full extent their power allows.

So the question whether the majority of Socialist Party members are as yet anything more than State Socialists, or Laborites, cannot be positively answered. They probably are. And they certainly will be when the State Socialists have left the opposition entirely, in order to support “Labor” governments.

Laborism means that, with the first State Socialist administration, certain groups of wage-earners, for the first time in history, will hold the balance of political power and control government. This will mean a great advance not only to the groups admitted to power, but also the rest of the wage-earners. This progress will come partly, as under State Capitalism, through the fact that industry can advance only as the industrial workers also advance—at least in some degree. The masses of wage-earners will also profit, however, by the mere fact that wage-earners—even if those of a different economic level—will be in control of government.

But the unions controlled by these upper ranks of wage-earners call themselves “labor” unions, and their parties they call “Labor” Parties or even “Socialist” Parties. They claim that both kinds of organization—labor unions and Labor Parties—are operated equally in the interest of all labor, and when they secure control of gov-

ernment, as in Australia, they claim that they govern for the laboring masses as well as for themselves.

This is the momentous doctrine of the "solidarity of labor," the rock upon which every labor organization, until recent years, was built. It is true that a part of the laboring masses were admitted into these organizations—as minorities. It is true that their interests were consulted—when they did not conflict with those of the skilled workers in control. For their co-operation was important in strikes and indispensable in politics. It is also true that, in leading the masses into the battle to convert State Capitalism into State Socialism, the aristocracy of labor have done them the greatest possible service. But the motive of this aristocracy—as with all social classes—is self-advancement. The moment the aristocracy of labor have an opportunity to become part of the ruling class they forget all about the solidarity of labor. Their present position all over the world shows their complete readiness for this new "turn" (it is not correct to speak of a desertion or betrayal in referring to a class), and their behavior in Australia removes all question.

It cannot be supposed for one moment that the attitude of the aristocracy of labor towards the laboring masses is any more selfish than that of any other class towards those below it. On the contrary it is exceptionally liberal, as its large donations to strikes of the unskilled will show. This liberality may be partly accounted for by the desire of the skilled to protect their positions from competition from below and to secure co-operation in strikes—but it is nevertheless a liberal policy. What separates the two classes is not their moral or intellectual differences, but their varying position as to politics and the strike. The skilled workers have usually more to lose and less to gain by strikes. Not only are they usually

opposed to striking with the unskilled, but they often aim to prevent strikes of the unskilled; and in proportion as their own position and advancement are secure they will favor the prohibition of such strikes—which force them into unemployment. This attitude is neither exceptionally selfish, nor unwise, nor surprising in any way, but is to be expected. They may donate one per cent of their annual income to the strike funds of the unskilled; they cannot be expected to donate the eight and one-third per cent they lose for every month of idleness. Moreover, the unskilled, on their side, are willing to co-operate with the skilled and to strike with them almost wholly for selfish reasons. For, when the final settlement comes, it is almost inevitable that they should claim a greater need for an advance of wages than the skilled.

Marx made the important observation that, in the revolutions of 1789 and 1848, a middle social group co-operated with the masses against the ruling class, until this group obtained power, when it immediately deserted its former allies. But Marx believed that in the coming revolution the solidarity of labor would prevent this desertion of the middle group. Great effort has been spent in an attempt to show that Marx's view that social progress is chiefly through revolutions was erroneous, and that no more revolutions are to be expected. Very little attention has been given to this far more momentous dictum that the upper layers of labor will be governed by the interests they hold in common with the masses of labor rather than by conflicting interests—or the price they will be able to obtain by going over to the ruling class. (See Appendix A.)

It has been generally supposed that the laboring masses, who at present compose three-fourths or more of the working class, will easily be able to control the privileged minority, who compose less than one-fourth. But a ma-

jority can control a minority in an organization only as long as the latter have no alternative and must remain a part of the whole. Now the aristocracy of labor are soon to have an opportunity to become part of another unity, the ruling class. Even after they have been taken into the privileged group, they may still claim to be devoted to the solidarity of labor, so as to maintain a certain degree of independence for themselves within the ruling class, but they will soon become the controlling and responsible part of the government, and so will be forced to abandon this middle ground.

The day when the aristocracy of labor will secure the balance of political power is already at hand, not only in Australia but also in America and other economically advanced countries. If we add agricultural laborers and servants to industrial wage-earners, the wage-earning class has furnished 50 per cent of all occupied persons in this country since 1890. But we must remember that a large part of the agricultural laborers are directing their whole lives to become farm tenants or farm owners, and often succeed in this aim. Let us leave these aside, then, as an intermediate group. This will not affect the comparative change taking place, as the agricultural laborers show a tendency to constitute a fixed part of the population (13 per cent). Even with this deduction we find that the rest of the wage-earners had become 50 per cent of the population in 1900, and the growth of cities indicates that the proportion must be far greater now.

If our suffrage were really equal, then the skilled workers would have held the balance of power in 1900. In spite of suffrage restrictions they have probably held it since 1910—though they have not been so organized as to make very effective use of this power. And certainly the census of 1920 will place the balance of power



wholly in their hands. This process will be immensely hastened as women vote, since the percentage of wage-earners among women at work is far greater than among the men.

Those classes which expect to become a part of the ruling majority are the firmest believers in the necessity and justice of governing the minority against their consent, though, of course, they claim that this is for the good of the minority. The most responsible and conscientious spokesmen for the aristocracy of manual and mental labor, Mr. and Mrs. Sidney Webb, concede "that a certain measure of popular consent" is needed. But their whole theory of government, and that of the upper layers of wage and salary earners generally, is one of the enforced submission of the masses of the workers:

"So far as we can see, every step in economic progress, every increase in real opportunities for the expansion and development of the individual—we may fairly say every advance of civilization itself—involves an ever-wider subordination of the momentary impulse to the deliberate purpose, and of the individual decision to the general will. Moreover, as knowledge increases and the specialized sciences and arts develop, there comes inevitably a specialized subordination, not of a whole class of laymen to a separate expert class, but with regard to each man, lay or expert, brain-worker or manual laborer, in respect of the functions other than his own, a subordination of the person who does not know to the person who knows, of the person who cannot to the person who can. A sick person subordinates his will, even with regard to his own fears and appetites, to the will of the physician or surgeon. . . ." <sup>1</sup>

When the Webbs compare voluntary subordination to a physician, and the inevitable subordination to experts to the compulsory subordination of whole social classes to government, we see how weak they feel their position

to be. Nor is there any real ground to fear that at any stage of progress government will on the whole be more compulsory than it is to-day. The tendency is altogether in the opposite direction. But such views as those of the Webbs show the utter superiority felt by the aristocracy of labor towards the laboring masses, a feeling that will be accentuated when they control government and will inevitably tend still further to increase the growing hostility that the laboring masses already feel towards them.

While there are no national federations of labor that exclude the skilled, there are several unions that now insist that the very basis of any unionism that is to advance the unskilled is that the latter must dominate within the organization. The "industrial" form of organization is usually preserved in such organizations, that is, the skilled are invited to come in, but only as a minority—if not a minority in the industry, then a minority in the new federation of industrial unions. Naturally, under these conditions, the skilled rarely come in—especially as they have federations of their own which are far stronger up to the present time—and as they know they can continue to have their own way for a good many years—on account of their superior strategical position in politics.

The leading organization of the unskilled in America (The Industrial Workers of the World) contends that the organization in which the skilled dominate (The American Federation of Labor), "through its origin and development, its structure and methods, was essentially an organization of the skilled tradesmen, wholly unfitted to deal progressively with the revolutionary movement of the unskilled mass now dominant in all trustified industries."

"To promise the unskilled protection through a union

primarily controlled and dominated by and for the skilled is to betray the unskilled and render their movement impotent in its struggles with the master class.

"Frankly, the I. W. W. did not expect any such revolutionary transformation of the A. F. of L. immediately or ultimately. The 'skilled' would resist it; the 'unskilled' would not wait for it." <sup>2</sup>

"At the outset the I. W. W. attempted to put new wine in old bottles. That is, it tried to create an industrial union movement out of the progressive and dissatisfied elements of craft unionism. It failed. These elements were unstable and nearly pulled the structure down with them in their reactionary attempts at control. Only with the unskilled and migratory workers as the dominant element did the I. W. W. succeed." <sup>3</sup>

It is a sign of the deep and widespread influence of the dogma of the "solidarity of labor" which consciously or sub-consciously underlies the whole of the present labor movement, that even these revolutionary innovators who are organizing the unskilled do not altogether abandon it. The editorial first quoted continues, in seeming contradiction, to say: "Born not as a 'dual' organization to dispute the field already occupied by the craft unions, the I. W. W. proceeded on the theory that modern capitalist industry had made the unity of the working class impossible under the direction of the privileged workers. The unity must proceed from below—out of the depths of the agony of the unskilled." But this statement does not mean that the writer places "the unity of the working class" above the interests of the masses of the workers. His view does not imply any willingness to compromise with the skilled, but is based on a very general belief that the skilled are becoming insignificant in numbers, and therefore can easily be controlled, or, in the near future, can even be ignored without violating the

solidarity of labor. "‘Skill’ is an unstable and vanishing quantity in American workshops; the ‘skilled worker’ is an unstable basis upon which to organize the American working class," continues the same editorial. But the skilled, in the old sense of the word, are merely being replaced by exceptionally speedy and reliable workers, who are even more highly paid. And, moreover, the advancing political control of industry would elevate the better paid laborers into the ruling class even if they were only semi-skilled, as they are in some favored government employments, *for the reason that they are coming to hold the balance of political power.*

Whatever degree of solidarity of labor is brought about will undoubtedly be brought about by the unskilled—since they are far less specialized and far less separated than the various groups of the better paid. Thus the unions of the various industries may be welded together, and so at least three-fourths of the workers unified. But the aristocracy of labor will remain separately organized and there will thus be no unity of "the working class."

The doctrine that the solidarity of labor is inevitable, that economic evolution will force the skilled workers to merge themselves completely in the rest of the working class, is one of the most persistent in the Socialist movement. "The worst enemies of the working class," says Kautsky, "are the pretended friends who encourage craft unions, and thus attempt to cut off the skilled trades from the rest of their class. They are trying to turn the most efficient division of the proletarian army against the great mass, against those whose position as unskilled workers makes them least capable of defense." On the contrary the skilled have hitherto dominated the labor movement not from without, as Kautsky fears they may, but from within, i. e., through the "solidarity of labor,"

and the partial *separation* of the two elements recently has obtained for the unskilled in a few years more than they had previously obtained in a generation.

Kautsky, who, like other Socialists, expects capitalist aristocracies to stand for their own interests exclusively, expects the aristocracy of labor to stand for the interests of a lower class: "Sooner or later the aristocratic tendency of even the most highly skilled class of laborers will be broken. As mechanical production advances, one craft after another is tumbled into the abyss of common labor. This fact is constantly teaching even the most effectively organized divisions that in the long run their position is dependent upon the strength of the working class as a whole." On the contrary, the relations between the aristocracy of labor and the ruling classes are becoming closer every year in all the more advanced nations, not even excepting Germany. (See Appendix C.)

The representatives of the skilled workers are fully conscious of their position. The Municipal Platform of the Socialist Party of New York City, written by the right wing of the Party, makes the following significant defense of that form of "solidarity" embodied in the "industrial" unions of the American Federation of Labor: "How far does a worker at present own his job? Just to the extent the employer needs him, and no more. The worker owns the skill and the endurance; he owns the observing, receptive brain, the trained muscles and the dexterous hands; he owns the education that has gone into learning his trade—even if that trade is only wielding a pick and pushing a shovel—and he owns the practice acquired through many years of following his trade. He owns himself and nothing more." Here the whole labor question is frankly made one of the ownership of skill, which is considered, as Debs has pointed out frequently, happens with skilled workers, precisely like the



ownership of capital. The attempt to classify pick and shovel "skill" as equally valuable *property* is an obvious failure.

All organized and aggressive movements of the masses of labor, separately from the skilled, are now loosely referred to as "syndicalistic." So, when Lloyd George said in Parliament, without contradiction from the Laborites present, that "the best policeman for the syndicalist was the Socialist," he meant that the British aristocracy of skilled labor (the trade unions and the Labor Party) were the most effective enemies of the movement of the laboring masses. The bitter hostility this aristocracy has shown to the new labor movement leaves no doubt that Lloyd George was right. And similarly, when the Socialist Party in this country attacked "sabotage," the Century Magazine said this was "a great gain for true conservatism," while The World's Work, and also Ray Stannard Baker, suggested that the Party seemed destined to become "one of the conservative bulwarks of the country." The recall of the I. W. W. leader, Haywood, from the executive committee of the Socialist Party was also approved almost unanimously by the conservative and anti-Socialist press. It is evident that the American Socialists are also being relied upon as "the best policemen" to keep down unwelcome movements of the masses of labor.

The attacks of the "aristocracy of labor" against the "new unionism" of the unskilled are now too numerous even to summarize. The most important is the threat that the new State Socialist society will not even tolerate the existence of such unions. If this threat is carried out, when the aristocracy of labor comes into power, the laboring masses will have less liberty than to-day. Yet it has been frequently made, and even by a man who was until this year one of the seven members of the National

Executive Committee of the American Socialist Party, John Spargo:<sup>4</sup>

"We can hardly escape the conclusion that the attitude which the labor unions of to-day very properly take in industrial conflicts would not be tolerated if adopted against the State. In self-protection the State would be obliged to treat as *treasonable* acts which are perfectly proper and justifiable when directed against individual or corporate employers."

We can scarcely wonder that the unions of the laboring masses are even more bitterly opposed to this kind of "Socialism" than they are to the present social system. Spargo's threat will in all probability never be carried out, even under State Socialism, as the tendency is all the other way—towards greater liberty (see Chapter VI), but it is obviously sincere and it shows the laboring masses an opinion that prevails in the most influential circles of the American Party. And it is certain, moreover, that a State Socialist government will oppose strikes even more strongly than a State Capitalist government will—for more people will then feel the financial losses they bring to government and industry. It may not oppose them by violence or coercion. A rigid system of fines and other financial penalties will be more effective—though even these will be far from sufficient to prevent strikes altogether (as I shall show below).

It is evidently in accord with all we know of history and human nature that popular movements, after succeeding, are deserted by their upper layers, which become a part of the new ruling class. But it is to the interests of the representatives of skilled labor to obscure this fact, and this is also to the interest of those who, like most Socialists, make of skilled labor the most important element or at least an absolutely indispensable element, of the "unity of the working class"—thus giving the aris-

tocracy of labor a veto over the rest. There are two ways by which the real position of the skilled may be obscured. One is by asserting the essential democracy of the aristocracy of labor. The other is by asserting the degeneracy or the reactionary character of large parts of the laboring masses—thus weakening their position in three ways, by greatly decreasing the numbers admitted to be respectable, and by suggesting that they are all only a step from this low condition, and by making it possible to allot to this submerged class any sections of the laboring masses who do not behave themselves to suit the labor aristocracy.

So Kautsky portrays a large part of the laboring masses as "exploiting every revolution that has broken out, only to betray it at the earliest opportunity." <sup>5</sup> Whatever may have been true of the past, it is, on the contrary, the aristocracy of labor that is almost certain to do the betraying in the future, though Kautsky shows animosity and belies his economic standpoint in introducing a term of reproach for an entirely natural and inevitable action.

The lower ranks of the workers are referred to in German Socialist literature as the "Lumpen-proletariat." Lumpen means rags and also rabble. Lump means ragamuffin or even blackguard. So all the connotations of this conveniently elastic word are anything but flattering. On the whole it may be rendered as "rabble-proletariat," as in some English Socialist translations.

In order to show just what is meant by this ostracized "Lumpen-proletariat" and just what is the Socialist attitude towards it, let us notice, first, what Kautsky says about the social group that Socialists consider as most nearly related to it, namely, servants. While he admits the growing importance of this group (it is becoming a larger and larger part of the total number of wage-earn-

ers), he expresses also the extreme hostility of the German Socialists:

"The growing intensity of exploitation, the constantly swelling surplus enjoyed by the capitalist, together with his resulting extravagance, all favor a steady increase in the number of those employed as servants. That is to say, they favor the growth of a class which, despite its lack of prosperity, is not at all a promising recruiting ground for the Socialist movement.

"The modern servant, accordingly, comes into relations of peculiar intimacy with his master, and thus he has naturally developed into a foe of the oppressed and exploited working class; not infrequently he is more ruthless than his master in his treatment of them.

"Small wonder that among the people generally nothing is more hated than this class of menials. Their subservience toward those above and their brutality toward those below have become proverbial." <sup>6</sup>

The lumpen-proletariat is treated in an almost identical spirit. It is defined by Kautsky as consisting of the chronically unemployed—but is by no means limited by him to the unemployable. The lumpen-proletariat are, on the contrary, those "who could work but found nothing to do" (op. cit., p. 168). This leaves the unemployable or deficient as a separate problem. And we may admit that these, the congenitally weak, are a hopeless class from the standpoint of a mass movement. As long as society is divided between the rulers and the ruled, the ruling class will always be able to buy such persons for their purposes. They are neither very numerous nor very valuable to the rulers, but it is this group alone that can, even in small measure, deserve the violent attack many Socialists have extended to the whole of that great army of labor "who could work but have found nothing to do"—an army that, together with servants,

composes a very large part of the laboring masses. This is what the official Socialist spokesman says of the whole "Lumpen-proletariat":

"For them there was nothing but to beg, steal, or prostitute themselves. They were compelled either to perish or to throw overboard all sense of shame, honor and self-respect. They prolong their existence only by giving precedence to their immediate wants over their regard for their reputations. That such a condition cannot but exercise the most demoralizing and corrupting influence is self-evident.

"Furthermore, the effect of this influence is intensified by the fact that the unemployed poor are utterly superfluous to the existing order; their extinction would relieve it of an undesirable burden. A class that has become superfluous, that has no necessary function to fulfill, must degenerate.

"And beggars cannot even raise themselves in their own estimation by indulging in the self-deception that they are necessary to the social system; they have no recollection of a time when their class performed any useful services; they have no way of forcing society to support them as parasites. They are tolerated. Humility is, consequently, the first duty of the beggar and the highest virtue of the poor. Like the menials, this class of the proletariat is servile toward the powerful; it furnishes no opposition to the existing social order. On the contrary it ekes out its existence from the crumbs that fall from the tables of the rich. Why should it wish to abolish its benefactors? Furthermore, beggars are not themselves exploited; the higher the degree of the rich, all the more have the beggars to expect. Like the menial class, they are partakers in the fruits of exploitation; they have no motive for wishing to put an end to the system.

"In character and view of life the slum proletariat approaches the lowest ranks of the farmer and small bourgeois class. Like these it has despaired of its own



power and seeks to save itself through aid received from above." 7

Thus we see the Socialists—through Kautsky—declare themselves to be a *middle class* party (though not in the sense of small capitalistic party, of course). They renounce the four lowest economic groups—the chronically unemployed, the servants, the poorest farmers, and the poorest shopkeepers and small producers.

The above Socialist view is largely founded, no doubt, on the difficulty of democratizing the lower remnants of feudalism in Europe. Doubtless the classes thus ostracized from the mass-movement have been reactionary in the past. But no allowance is made for the change now taking place and the still greater improvements impending under State Capitalism. Kautsky says: "The slum proletariat has always been the same, whether in modern London or ancient Rome. The modern laboring proletariat is an absolutely unique phenomenon." 8 The first statement was true of the whole world until recently; it is still largely true of London, and partly true of other large cities. But a rapid change is taking place everywhere. Ours is the first generation in which the masses are literate, the first generation with newspapers which the masses can and do read. The general advance of civilization, and especially the advance of the laboring masses (slower, but undeniable) has affected the whole population, including the lowest economic class, and excepting only a very small percentage, the congenitally sub-normal. This improvement, already becoming more and more rapid, will make the lowest classes under State Socialism comparable, not with the Roman mob, but with the upper classes of Rome (if we except only the very highest classes in the best periods).

Nor will the statement bear the least analysis that

the modern proletariat—apart from these lowest elements—is “absolutely unique.” The degree of organization, information, and intelligence of the artisans of many ancient and mediæval cities was already considerable, often fully equal to that of the first generation or two of those engaged in modern industry (before 1850 or 1875, i. e., before railroads and newspapers became general). Kautsky’s theory, the official theory of the German Party, is vitiated by the strange assumption that *occupations*, rather than the level of income and opportunity, divide society into classes. All those social groups which have the incomes and therefore opportunities similar to those of unskilled or semi-skilled labor (whatever their occupations) will, on the contrary, belong to one economic group, those that have the incomes and opportunities of the skilled to another. The common occupation of “wage-earner” will bring about no solidarity of labor and create no “absolutely unique” class, except as long as skilled and unskilled are both excluded by their economic level from the ruling class. As soon as the skilled have an opportunity to join the rulers and a motive to leave the ruled they will do so, as will all the other social groups of the same economic level.

The theory that society is divided by occupations comes from the middle-age cities and their survivals in European law, especially that of Germany, where “legal status” is still familiar to all, if of comparatively little practical effect. For some reason this idea of the division of society by occupations has survived. Why? And what are the present functions of that idea? First of all, that it teaches the masses of labor that they cannot advance in any way, politically or by labor union action, now or later, except through the whole working class, through the solidarity of labor and co-operation with the “aristocracy of labor,” which means, practically, by

the latter's consent. And, secondly, it allows the skilled to lay the greatest importance on purely occupational or industrial conflicts, not only upon strikes won at the expense of all that part of the working class not immediately involved, but also upon such conflicts as that between town and country, between agriculture and manufacturing industry. This last conflict the German Socialists encourage in Germany, Austria, and elsewhere, both in theory and practice, and sometimes even prefer to the so-called class struggle with employers, thus putting labor against the whole agricultural population, even the hardest working farmers, who never employed a laborer in their lives. (See Appendices B and C, on the way in which the German Party subordinates everything to the cost-of-living issue.)

As long as the day of State Socialism has not yet arrived, however, and State Capitalism even is not yet fully established, the fact that the Socialist Parties—especially in Europe—represent small capitalists and the aristocracy of labor does not prevent them from representing the laboring masses also, as far as they can be represented *politically*. And if the Socialist Parties separate from the small capitalist class and the aristocracy of labor successively, when these become the ruling classes, they may continue, under State Socialism, to do all that can be done *politically* for the laboring masses.

There remains the question of *economic* action under State Socialism. The revisionists who now control the German Party (see Appendix C), according to the Party historian, expect "from the successes of the unions, a gradual expropriation of the capitalist class."<sup>8</sup> In this expectation the ultra-moderates are at one with the Syndicalist writers (see Appendix E). And there can be little question that this gradual expropriation both by labor union or economic means, though not yet begun,

unless in Australasia, will begin before many years—but *only for the upper levels of labor.*

If the International Socialist Congresses, which at present represent the aristocracy of labor, were certain that the laboring masses would never get control of the national federations of unions, they would undoubtedly give the latter a position in the Socialist movement in every way parallel with Socialist political parties, as they have already done in Belgium and Austria. But in France and Italy, the laboring masses are not far from controlling these federations. It was for this reason that the International Socialist Congress at Stuttgart, by a vote of over 200 to 7, rejected the French resolution, which merely asked that when the unions stood for Socialism they should be recognized as being as competent to work for it along labor union lines, without political control (even by a Labor Union Party), as was the party to work for it along political lines without being controlled by labor unions (even though Socialistic). But the International recognizes that the day may come when the union federations may pass out of their present control and fall into the hands of the laboring masses. And we may be certain that this will indeed happen in proportion as the skilled workers begin to get the benefits of their political strength (due to their holding the balance of power), while the unskilled, on the contrary, find themselves excluded from these benefits—and receiving, as under State Capitalism, only that kind of advance that is derived, not from power, but from the fact that, like work-animals, they can render a larger and better product with better and more scientific treatment.

I have shown that the explanation of the German Party's position is not theoretical but practical. It represents chiefly the upper levels of labor, and claims equally to represent the laboring masses in order to ob-

tain the latter's political support. But Kautsky and others have taken it upon themselves to concoct a theoretical foundation *after the fact*. Their general standpoint, the *economic interpretation* of politics and the study of political questions as based on conflicting *class-interests*, is now accepted not only by all Socialists but also by a very large part of the world's progressives. But this standpoint had to serve also to explain the fundamental contradiction in party policy just referred to. How was this accomplished? Very simply, indeed. *The economic and class interpretation was applied exclusively to opponents, but never to the constituent elements of the Socialist Party*. Kautsky et al. have steadily refused to turn the searchlight of the economic and class-conflict interpretation on to the working-class itself. "Working-class solidarity" on the contrary has become an ideal not to be analyzed, a mystical dogma to be preached, but not to be explained, a Utopia based upon the "social instincts" of the working class (another name for the much-despised altruism). In a word, "working-class solidarity" is a perfect example of that very "ideological" habit of thought against which the economic and class-conflict interpretation was directed. This great modern standpoint, which Marx did so much to promulgate, has ceased, in the hands of these Socialists, to be an instrument of science, and has become a mere weapon with which to attack political opponents, or a shield by which to defend oneself from scientific criticism.

Strange to say Kautsky speaks of that class of salaried brain-workers that corresponds to the skilled manual workers in an entirely different way. These "intellectuals" as they are called in some countries, or the educated proletariat, as Kautsky calls them, are, it seems, *not* to be relied upon.<sup>9</sup> Yet it is difficult to see any deep distinction either between their form of skill and that of the skilled



manual workers, or between the politics of the two groups.

The "intellectuals" have evolved a Socialism of their own, most clearly to be seen in the British Fabian Society, a Socialism which is almost identical with that of the aristocracy of manual labor. While this program is largely that of the progressive capitalists, it is also State Socialist at some points—like the program of the German Socialist Party (see the following Chapter).

The underlying principle of the "intellectuals" is not State Capitalism but State Socialism. So certain are they of becoming a part of the ruling majority that they even endow the present State with the beneficent qualities they expect their State to have. Sidney Webb, for example, says that the function of government is nothing less than "to secure progress," and so he hails every extension of the functions of present Governments (at least in Great Britain) as that much advance in Socialism—no matter whom such Governments represent.<sup>9</sup>

Next year will be a quarter of a century since the publication of the Fabian essay, and thirty years since the foundation of the Fabian Society. During this period, especially in the past ten years, the opponents of this form of State Socialism have frequently felt that Fabianism was dying out. The first secessions from the Society (including that of the present writer) took place in 1907, when the Fabian Executive cordially approved the first railway settlement, which was later condemned even by the most conservative Laborites. Again, a few years ago, at the time when H. G. Wells made his attack on the Fabian bureaucratic spirit, it seemed that the Society was passing into a decline.

But since the Lloyd George Budget of 1910, there has been a revival of that State Capitalism and State Socialism for which the Fabians stand. And the foundation

last April of *The New Statesman*, by Webb, Shaw and others, undoubtedly marks a new birth of the Fabian movement. The first twenty-two numbers contain an extremely important series of articles by Mr. and Mrs. Sidney Webb, entitled "What Is Socialism?"—which is also to appear in book form. A better title might have been "The New Fabianism." It is certain that no such able or sincere presentation of the State Socialism of the "intellectuals" has yet been published.

I shall not attempt to sum up in this brief space the policy of *The New Statesman*, but shall merely note that it entirely coincides with that of the prospectus of the paper and of the Webb articles. One of the first statements of the prospectus was that *The New Statesman* "intends to avoid the error of supposing that those for whom it speaks have either a culture or a morality differing from that of the other members of the community." Thus at the very outset the new Fabianism left half of Socialism to one side and confined its Socialism to the political and economic movement. Though it concerns itself very largely with cultural matters, it does so from an avowedly non-Socialist standpoint.

Next *The New Statesman* renounces the class struggle. Progress, it claims, will not be brought about by the "warring of social classes." Such wars may well be "incidental" to social advance, but progress will be mainly due to "the union of all the forces of sincerity and public spirit."

These Socialist reformers stand for order and organization in general, rather than for any particular kind of order. They announce themselves as collectivists, but by collectivism they mean only a system that will provide a complete policy of social organization and government. "Social legislation has suffered in point of quality and effectiveness from a lack of logical and coherent

criticism. It has neither been inspired by any definite conception of future social organization nor has it been measured by any standard of social principle." The idea here is that there is only one form of efficiency and one form of order, which supposition, if granted, certainly precludes all class struggles—and even all serious differences of opinion.

And, finally, the prospectus assailed, not class rule, but "individualism," while the Webbs, in their articles, attack not class ownership, but private ownership.

The Socialist State pictured by the Webbs presupposes (1) the domination of the "intellectual" class and of the "aristocracy of labor," and (2) the permanent subjection of the unskilled workers. They appeal especially to the new middle class or "minor professionals," which constitutes, in Great Britain, 20% of all persons having an income less than \$800 a year. The Webbs, it is well known, represent also the conservative Trade Unionists, who, no doubt, compose another 20% of all persons of this income level (which the Webbs say forms 8-9ths of the total population). It is these two classes, minor professionals and aristocracy of labor, that are coming to hold the balance of economic and political power, and are expected by the Webbs to inaugurate in Great Britain, not merely State Capitalism (in which the small capitalists dominate), but also State Socialism (in which the small capitalists are subordinated to these two classes).

The "intellectual" Socialists, we find, judging by the Webbs, do not want to make any fundamental democratic change either in the class distribution of education or in the character of the present culture which is their capital. Culturally the Webbs' attack is against the effect of "plutocracy" on science, art, and religion and not against the effect of class-rule—which will continue when "plutocracy" is dead and when the more successful

among the "intellectuals" together with the aristocracy of labor will have become the ruling class.

We find that the Webbs make a curious distinction between plutocrats and those "artists, scientists, authors, poets, musical composers," etc., who have "earned" incomes up to \$25,000 a year! The fact that educational privilege and advantages due to the possession of a small private capital have multiplied such incomes many times over what they otherwise would have been, does not dampen the Webbs' friendly feeling for these wealthy associates. They confess that they have come from homes "other than the manual worker's," but seem to attach no significance to this fact.

What the intellectuals look forward to is really a beneficent rule of—the intellectuals. "Socialism is the application of science to social organization," we are told by the Webbs. If we ask what science is meant we are answered, "science untrammelled by plutocracy," that is the science of the present intellectual class. The social hierarchy will be sufficiently democratic to satisfy them when the plutocrats are removed and the intellectuals and allied classes are left on top. There is to be no revolution and no class struggle to disturb the \$25,000 incomes. All that will then be needed will be to develop "the motive of social obligation and the service of Humanity."

The intellectuals now on top are superior and should stay there, but they must not be influenced by "the motive of pecuniary gain" any more. They are evidently superior, because there is already "something like a common level of wages and salaries, in each country, at each particular period for workers of equivalent capacity"—and "*all* the abler, *all* the more cunning, *all* the more gifted, *all* the more powerful of those who are propertyless" (my italics) are already taken into the service of the capitalists. The Webbs seem to have forgotten this when

they wrote a few weeks later of the immense gain to society when all talent, including that coming from homes "other than the manual worker's," would be developed. The late Professor Lester F. Ward calculated that this gain would be 100%, and that we are giving intellectual opportunity *to only one per cent.*

In the intellectuals' Utopia, now approaching, these high salaries will continue, except that the rich will not be there to pay high prices, fees, etc. But, to compensate for this loss, the intellectuals will find in public bodies or the general educated public, purchasers much more to their taste. The Webbs express the hope that the intellectual, writer, artist, etc., will only ask what he needs to develop maximum efficiency. But they admit that the intellectual of their "Socialist" society may ask more and get it, and they say not a word about the possibility of lowering such excessive pay by increasing the competition for these higher paid places—say 100 times, as Ward suggests is possible. Such a leveling of educational opportunity would mean a revolution indeed among the intellectuals and their culture, and this is no doubt why the more prosperous intellectuals oppose revolution.

It is this class ideal of the intellectuals that the Webbs apply to education, as to all other questions, and not the Socialist ideal, of which they are perfectly conscious however, since they themselves describe it accurately as "equality for all children whatever their parentage—for each child, irrespective of wealth or position, the fullest practicable opportunity for the development of its character and its talents." It is evidently not on the basis of this last named ideal that they make their extremely low calculation of the sums needed for public education in Great Britain, but on their feeling that the amount and character of the intellectual ability now supplied are, after all, fairly satisfactory. They demand, at the outside, only



two or three times the sum now expended, which would by no means be sufficient to make a "secondary education genuinely available to the poor," as the Fabians themselves demand. This last mentioned standard would doubtless require, in America, four or five times the present expenditure, as I have shown in Chapter V. People as familiar with statistics as the Webbs must know just what their low estimate for Great Britain would mean. It would mean to bring the efficiency of the people's children to the maximum *as wage earners* and to furnish such additional professional talents as are now inadequately supplied from the middle and upper classes, but it would not create "too much" competition for the intellectuals and their children, nor "overcrowd" the professions to a degree that would reduce a very large proportion of the latter to the ranks, where merit would place them.

The position of the Webbs is completely at variance with the original Socialistic "Basis" of the Fabian Society, which is still signed by all of its members. For the "Basis" declares against "class ownership," as well as "individual ownership," of land and industrial capital, and attacks the "economic dependence" of the workers and the lack of "equal economic opportunity" in present society. The Fabians have often been accused of compromising Socialism. The question now is whether they have not altogether abandoned it. For the German Socialists still claim to represent the laboring masses, while the Webbs frankly abandon them for the aristocracy of mental and manual labor. (For the attitude of the Fabians and the other British State Socialists towards the unskilled of other countries see Chapter XV. Appendix F contains a summary of the position of the American Socialist Party towards unskilled Asiatics.)

## CHAPTER XIV

### THE STATE SOCIALIST PROGRAM

THE great evil of present society, and of the "progressive" society or State Capitalism into which we are now entering, is that its very progress is in one sense retrogressive. All classes are getting some share of this progress, but the upper or ruling classes, already privileged, are getting a larger and larger share. One after another new sections of the middle classes are coming into power. The proportion of the population that is included in the ruling part of society is growing, and a more equitable distribution of wealth has begun to take place—within these ruling classes. The rest of the population is receiving a constantly smaller share of the total product—though the increase of that product is so great that a part of it reaches them also.

The proportion of the nation's wealth and opportunities that goes to the upper classes is, then, constantly increased in spite of all the reforms of State Capitalism—however radical and however beneficial to all classes such reforms may be. And the same must hold true of State Socialism with its yet more radical and beneficent program. Under State Socialism we shall still be increasing instead of diminishing the gulf between the classes, we shall still be moving away from social and industrial democracy and equal economic opportunity—except in so far as the new society will provide a more fruitful soil for inaugurating the opposite tendency, a tendency for

the lower classes to improve their position more rapidly than the then upper classes (now the middle groups).

Now this criticism of State Socialism, even if admitted, might seem to be purely invidious, a denial of the importance of any improvement for the laboring masses unless it brings them *more* than it brings the other classes. For, while most of the benefit of State Socialism will go to the upper classes of that social system, it might seem that the very great progress that would admittedly take place, though largely limited to these classes, would mean a tremendous advance in civilization, and as rapid an advance as is possible until society is ready for the next and more democratic stage of social evolution. But the truth is that such a society, which will deprive a large part of its children of equal opportunities, will be far from doing its utmost for civilization generally—to say nothing of the classes more or less neglected. Its progress in industry and science, culture and education, will only be a fraction of what it should and could be. Half the talents of the community, born in the lower classes, will be wasted. And the ruling-classes will be able to defend their privileges as now, only by basing their whole civilization very largely on suppressed truth, half-truth, and falsehood.

Like State Capitalism, State Socialism must fail both to make the division of the national income more equitable and to make opportunity more equal—as between the ruling classes and the ruled. Let us examine the programs of some of the leading Socialist Parties for evidence of this fact, for apart from their purely abstract preambles which are largely Socialistic, the concrete demands of these organizations will be seen to be almost exclusively those either of State Socialism or even of State Capitalism—though usually, of course, in an advanced form.

The Independent Labour Party of Great Britain has one highly important demand which is not to be found, as nearly all its other demands are, on the programs of the progressive capitalists, namely, "the abolition of indirect taxation and the gradual transference of all public burdens onto unearned incomes, with a view to their ultimate extinction." As this demand stands it would *ultimately* lead to the extinction of higher incomes or privileges resting on the ownership of capital. It would leave intact all those higher incomes or privileges that rest on exceptional educational opportunities, and allow these privileges to be passed on—in the shape of superior schooling—to later generations. That is, it would *ultimately* extinguish State Capitalism and establish State Socialism. But so would the general ideal of collectivism, now accepted as the *ultimate* aim by many supporters of State Capitalism. What the latter really want is a semi-collectivist state, though many of them confess that the collectivist tendency will probably not stop at semi-collectivism. They protect themselves perfectly, however, by the position that this tendency is very gradual and slow, and will not carry them beyond the point they want to go *in our time*. And they use every effort to check any ultra-collectivist movement. Similarly the State Capitalists also favor a more and more steeply graduated income tax. As this tax is, as yet, far from the point they desire to reach, they hint, with Lloyd George and Winston Churchill, that *all* unearned incomes ought to be extinguished. Only they do not define the word *unearned* and certainly they do not want the process extended so far that their own incomes will be taxed. It will only be when the Independent Labour Party proposes to pass this point, when it indicates that the "ultimate" extinction means an early extinction, and defines what it means by "unearned" that it will be taking up a State Socialist

position even—to say nothing of Socialism. And it will only be when it undertakes to make educational opportunity equal that the present artificially high salaries and professional incomes will be reduced—for this automatic method of increasing the competition for the better economic positions is the only way by which this result can be naturally and effectively accomplished.

The Independent Labour Party does not favor compulsory arbitration of labor disputes, like the Fabian Society. (See the previous chapter.) But it does favor a minimum wage law, which requires some form of governmental pressure, if it is to be put into practice. This law is now being extended from the ready-made tailoring trade, and lace-making to shirt-waist making, confectionery, food-preserving, hollow-ware-making, and the linen and embroidery trades, and it is only by a technical error that laundries were not included in the list. The recent miners' strike also was settled through governmental interference and pressure, as was the last railway strike.

When such methods of fixing wages are established, the skilled workers, who, on account of their middle position, are capable of being taken over into the governmental party, will inevitably receive all the favors that are to be granted (aside from establishing an *efficiency* minimum). These workers are also less numerous and so less costly for the government to mollify. The fixing of wages, then, either by governmental force or by mere governmental pressure will mark the definite outbreak of the class-struggle between the aristocracy of labor and the masses of the workers—a struggle that seems already at hand in Great Britain. In *politics* the laboring masses may continue to vote for the parties that represent this aristocracy, as they have no alternative, and no prospect of forming a party of their own, while they have an almost certain prospect of capturing the Socialist and La-



bor Parties once State Socialism will have won control of government. But the struggle between the two groups of unions on the *economic* field will reach its climax at an earlier stage, as soon as State Capitalism begins to fix wages on a very large scale.

Let us now give somewhat more careful attention to the German and American Parties—as Socialism is more highly developed in Germany than anywhere else, and capitalism, the foundation of Socialism, is most highly developed in the United States. The Socialist Parties of the world are largely modelled on that of Germany, and the German Party is built, in its practical activities, upon the Erfurt Program of 1891. Since this time it has apparently learned nothing and forgotten nothing, for it has neither added anything to this program nor taken anything away from it.

The Socialism that promises to give to the mass of the wage-earners the same opportunities as the ruling classes receives very little encouragement in the German program—only a few abstract phrases in the preamble. The measures advocated in the body of the program are exclusively those of State Capitalism and State Socialism, and, while bringing important benefits to the masses of wage-earners, are, *without exception*, the identical reforms by which the small capitalists and the aristocracy of labor are increasing their privileges and power.

This result, it may be said, was *almost intentional*. In the previous program, that of Gotha (1875), comparatively little importance had been attached to measures to be obtained before the Socialists captured the government. At Erfurt, on the other hand, there was a sort of tacit compromise between the revolutionists and the reformers. Even the most moderate and least Socialistic reforms were to be placed in the body of the program, provided the preamble was given over exclusively to

revolutionary principles. Indeed, the more clearly non-Socialist were the reforms demanded the better this was held to be from the revolutionary standpoint. For then (it was erroneously supposed) these measures could certainly never be called Socialistic, but were clearly nothing more than capitalistic reforms that Socialists were ready to support. (See Appendix B.)

Thus began that fatal separation between theory and tactics, which is the colossal defect of the German Party—when viewed from the standpoint of the laboring masses of other countries. Given full possession of the practical part of the program, the Laborites have relegated the preamble into the more and more distant future, until Von Volmar has actually declared that, however erroneous it may be, it is not worth while to change it. Freed from the discipline and control of actual life, the theoretically Socialistic principles of the Party, summarized in the preamble, have become antiquated, until Von Volmar is right. They can have no influence that even the most rabid anti-Socialist need fear.

But this preamble was thus sterilized by its own fallacies. For, in trying to lay an ultra-partizan basis for Socialism, it claimed everything for the movement of the wage-earning class, including all the social functions of the small capitalists and the "aristocracy of labor"—with what results I shall show. Let me mention briefly a few leading points both of the preamble and of the program. This is easily done, since the whole preamble and the whole body of the program are each less than two printed pages.

The basic proposition of the Erfurt preamble is that "private property in the means of production" is the source of the ills of present society and that to remedy these ills this system must be replaced by "social ownership and the transformation of commercial production

into Socialist production, managed for and through society." If Socialist production is merely production "through and for society" a democratic collectivism under a privileged majority would suit this definition perfectly. For private capitalism or "commercial production" would have been "transformed" (and replaced by a new form of class-rule), and the governing majority could certainly claim to speak for "society"—as then constituted.

Instead of foreseeing the present transformation of private capitalism into State Capitalism, this preamble says that private capitalism is growing stronger and that monopolists are conquering the small capitalists—thus estimating the superior numbers and superior political power of the small capitalists as being of no effect:

"Production on a small scale is based on the ownership of the means of production by the laborer. The economic development of bourgeois society leads necessarily to the overthrow of this form of production. It separates the worker from his tools and changes him into a propertyless proletarian. The means of production become more and more the monopoly of a comparatively small number of capitalists and landholders."

On the contrary, large scale landowning is gradually being abolished through the superior political power of the small capitalists, while monopolies are being nationalized, municipalized, or more and more strictly controlled by the State—in the interest, primarily, of the controlling small capitalists, but also of the aristocracy of labor, now coming into power, while even the masses of the workers, incidentally, obtain considerable, though lesser, benefits from the process.

"This social transformation means the emancipation not only of the proletariat, but of the whole human race which suffers under the conditions of to-day," the pre-

amble continues. What an excellent opening to all opposition elements that want to come into the Socialist Party to make use of it for their class purposes—especially small capitalist collectivists and Laborites!

The preamble proceeds to describe this transformation as follows: "But it (the social transformation) can only be the work of the working class, because all the other classes, in spite of their mutually conflicting interests, take their stand on the basis of private ownership of the means of production." How untrue is the last part of this statement in an age when the overwhelming majority of small capitalists are "partial collectivists"! The program here gives us to understand, moreover, that *no part* of the social transformation to democratic collectivism can be brought about by any but the working-class—and that both parts of the working class are equally interested in that society. That a *Socialist* society will only be established by the action of the *mass* of wage-earners may be understood. But why should the small capitalists hesitate to nationalize the private property of the large capitalists—especially when they are in control of the government? And how can the laboring masses have the same interest in establishing a society based on a privileged majority as has "the aristocracy of labor," which expects to be included in that majority?

This historic preamble declares further that society is divided into but "two hostile camps" and that these camps are "the proletariat" and the "bourgeoisie." Undoubtedly society is gradually dividing into two camps. But one of these camps is that of the laboring masses, who will be kept in a permanent minority by the constant elevation of their "upper crust" into the ruling class. And the other is composed of the aristocracy of labor and, for a considerable period, of the small capitalists (together with allied social groups, in each instance). Meanwhile

we have not two classes, but four: the three just mentioned and that of the large capitalists.

Our preamble then proceeds to speak of the "growing increase of the insecurity of livelihood, misery, oppression, enslavement, degradation, and exploitation," whereas, of all these evils, it is only exploitation that will increase under progressive capitalism. (See Chapter III.) And the preamble further claims that the agriculturists and middle classes—far from being the ruling class of to-morrow—will suffer all these calamities as well as labor!

And, finally, this foundation document of German Socialism contends that the interests of all the working-class are the same in all lands, and that all the workers of each country are constantly more and more dependent on those of other countries. This is true only of the laboring masses, and then only in proportion as State Socialism nears its end and Socialism approaches. To-day even these laboring masses are often parasites on the workers of other countries, and this system will be continued for a time at least, even under that democratic collectivism (State Socialism) for which this preamble prepares the way. (See Chapter XV and Appendix F.)

These digressions from the essential and central principle of Socialism are all the more contradictory and surprising (except under the explanation I have given—that they are part of an effort to capture small capitalists' and privileged wage-earners' votes), in view of the clear enunciation of the real aim of Socialism in the conclusion of the preamble: "not new class-privilege and exceptional rights [or opportunities] but the abolition of class domination and of classes themselves."

But the Erfurt preamble merely *prepares the way* for State Socialism, without intending to do so, while the body of the program, which alone counts to-day, devotes



itself *exclusively* either to State Socialist or to State Capitalist reform. Its framers consciously and intentionally omitted the chief transitional measures proposed by Marx and Engels in the Communist Manifesto, *the state appropriation of land rent for public purposes, and the nationalization of industries*. Yet it adopted and extended the program of labor reform proposed in the manifesto and added to this a large program of democratic changes in political machinery. Why this curious omission of two parts of the collectivist program and adoption of two other parts?

The Party discussions at the time and afterwards show the cause very clearly. (See Appendix B.) To increase the government's income by land rent and the profits of industry was to increase the power of an organization (the government) which was firmly in the enemy's hands. But it was for this very reason that Marx had refused to consider either these measures or labor legislation, or any other measures, as means of transition to Socialism, *except in proportion as the Socialists at the same time controlled the State*. Both the operation of industry and the administration of labor laws by a non-Socialist government—though beneficial to the mass of wage-earners and so to Socialism—will undoubtedly be carried out chiefly to the benefit of the class that controls the government. The effect of the nationalization of railroads by Bismarck's government was clear to all—it was chiefly to the benefit of government and ruling class. But labor reforms seemed to be in a different category, because intended, first of all—in *point of time*—to make certain improvements in the condition of the laborer. On the surface they are chiefly for the laborer's benefit. And it takes a little thought and observation to see how, when these reforms are rigidly restricted within certain limits, they mean, indirectly and ultimately, far more in profits

to the employer than they do in benefits to the employee. The Socialists took advantage of this popular prejudice of the laborers in favor of labor legislation to make it the basis of their practical program—in spite of the fact that it rests upon the same principles as the omitted policy of nationally operated industries or the nationalization of land rent.

As to the measures of the Erfurt program that demand political democracy, the case is slightly different. As Marx showed in his letter at the time of the first German Congress (at Gotha in 1875), wherever the small capitalists have a safe majority, there we have political democracy, and where they are in a minority they will not allow political democracy. Only one amendment to this proposition is needed, though it is an extremely radical one. Wherever the aristocracy of labor has become strong enough to force its way into the ruling class, it will join the small capitalists and enable them at once to form a privileged majority—which means that democracy will then be granted—an outcome that is near at hand in all advanced countries.

The labor reforms proposed by the Erfurt program are all commonplaces among the progressive programs of to-day. They are:

- (1) An eight-hour day by law,
- (2) Prohibition of child-labor under 14,
- (3) Prohibition of night-work (with exceptions),
- (4) Sunday rest and Saturday half-holiday,
- (5) Prohibition of the truck system,
- (6) Extended factory and sanitary legislation,
- (7) The extension of this protection to agricultural laborers and servants,
- (8) The right of combination,
- (9) Workingmen's insurance (the workers to have an influential share in its administration).

The more modern nations are already well advanced on this road. Few persons will doubt that the progressive small capitalists will finish the task even before the aristocracy of labor shares their power or takes control of government.

The political reforms advocated are also progressive commonplaces :

- (1) Equal suffrage and for both sexes,
- (2) Proportional representation,
- (3) Biennial legislatures,
- (4) Payment of legislators,
- (5) No curtailment of political rights,
- (6) Direct legislation,
- (7) Local self-government,
- (8) Officials to be elected by the people and to be responsible to them,
- (9) Taxes to be voted annually,
- (10) A national militia with universal service,
- (11) Decision of war and peace by the legislature,
- (12) International arbitration,
- (13) Freedom of speech, meeting and assembly,
- (14) Equal rights for women,
- (15) Compulsory free education and maintenance in common schools,
- (16) Free education and maintenance in higher schools for those pupils who, in virtue of their capacities, are considered fit for further training.
- (17) Free administration of the law,
- (18) Judges to be elected by the people,
- (19) Indemnification of innocent persons, prosecuted, arrested, or condemned; abolition of the death-penalty,
- (20) Free medical attendance, including midwifery and free medicine,

- (21) Graduated income and inheritance taxes; abolition of indirect taxes,
- (22) Legitimization of all children, revision of divorce laws, inquiry into paternity, and protective measures for children materially or morally abandoned.

This completes the list, with the exception of a few measures, such as those demanding separation of Church and State, secularization of education, etc., which interest Germany or European countries only.

Every one of these measures is upon the capitalistic progressive program, and all will be accomplished by the time State Capitalism will have run its course—with one possible exception to be noted later. The year when the first State Socialist government is installed will mark the completion of any of these reforms that may have been delayed to that moment, and will bring about the removal of last barriers to that so-called democratic or popular rule which is in reality majority rule only, the establishment in power of a privileged majority.

The accomplishment of the overwhelming majority of these reforms might leave the small capitalists more firmly entrenched than ever. The enactment of the whole program is exactly what the aristocracy of labor desires—along with the nationalization of industry and of ground rent, an omission supplied by the Communist Manifesto. For there is nothing in the program to menace the indefinite rule of a privileged majority consisting largely of favored governmental employees, and not a word about the establishment of that equal opportunity which alone can institute social or industrial democracy for the mass of wage-earners.

There is one proposal of the program, however, which is an important part of the change needed to establish

State Socialism. This is the provision for free maintenance of children in the higher schools. But this is only the first part of the first of the two steps required to make a Socialist policy effective.

In his Gotha letter to the founders of the present German Party, in 1873, Marx pointed out that to make higher education "free" without enabling the poorer students to maintain themselves meant "practically to pay the educational expenses of the upper classes alone out of the common taxes."

When this letter was finally given to the Socialistic public—in 1891—the Erfurt program seemed *partly* to carry out Marx's idea by demanding "the free maintenance in the higher educational institutions of those pupils who, because of their capacity, shall be considered suited to further education." The Gotha program had merely demanded in a vague way that education should be "equal."

The Erfurt Program remains, essentially unmodified, as the educational position of the German Party—though considerably amplified at Mannheim in 1906. (See Chapter XVI.) It leaves only one point unclear—but that is absolutely essential, if this reform is to carry us even in the *direction* of equal educational and occupational opportunity. No word is said about *how many* children are to be publicly provided for. The elevation of a few would in no way improve the proportion of the total opportunities of the community enjoyed by the children of the masses. The promotion of a few would undoubtedly displace some of the children of the upper and middle classes, as both the professional schools and the professions are already overcrowded. But this automatic expulsion of a handful of the "hopeless block-heads" is recommended by conservative government pedagogical authorities, such as Cauer, on the ground that it



would stimulate competition among the more capable upper class students that would remain.<sup>1</sup>

Thus the promotion of a few "who through their talents are called to fulfill a higher position in society than that *in which they are born*" (Cauer—my italics), would directly improve the education and prospects of that large proportion of upper class children that would remain in these schools. And even if we take the point of view of the upper-class children as a whole, including those dropped out of the higher schools, the loss of the minority would be more than covered by the gain of the majority.

For even the calculations of the Prussian school experts, such as Drs. Koch and Benda of Berlin, do not regard more than 40 or 50 per cent of the students of the higher schools as incapable.<sup>2</sup> And, even if half the students of these schools were taken from among the children of the lower class and were wholly supported at public expense, in order to replace the upper class children dropped out, what would be the total effect on the relative position of the two classes? Let us assume that the secondary schools graduate something like six per cent of the total school population, as in the United States. In Germany at the present time these students come nearly exclusively from the ruling upper classes. If this program were carried out we should have in these secondary schools fifty per cent of all the upper class children and three per cent of the children of the people. This estimate does not pretend to accuracy. But there is little chance that any estimate would indicate that this reform would give the children of the laboring masses one-tenth of the educational opportunities of those of the upper and middle class.

Secondly, such a change as that just suggested would probably so greatly increase the efficiency of the profes-

sional classes in industry, in science, etc., as to bring an increase of productivity to society, and chiefly to the ruling classes (as long as they rule), that would doubly compensate them for the fact that a part of their members were forced either to lower positions or to idleness. For not only would the higher schools be improved and the more capable fifty per cent of upper class children that remained in them work harder, but the lower class children promoted, being, according to my calculation, the most capable three per cent of the total, or according to any reckoning surely not more than ten per cent, would be the very cream of the cream of the lower classes and would greatly increase social efficiency.

And, finally, the German Socialists' school reform will only be introduced by degrees. It will be long before secondary education is made "genuinely available" even to that proportion of the masses I have mentioned. Schulz is delighted that even a third of the pupils of those British secondary schools subsidized by the state are required to come from the common schools—though very few upper class children, if any, are thus misplaced. For this proportion (one-third) is far greater than in the German schools.<sup>2</sup> And the provision of board and lodging, which is far more important than the mere free tuition provided by the British government, will be still more gradually increased. *This means the favoring only of the upper layers of labor.* As long as the governmental provision is small and inadequate it will open the schools almost exclusively to the children of the lower middle class; when this provision is, say, half enough to maintain the child, it will open the schools not only to this class, but also to the children of the aristocracy of labor, and when the latter hold the balance of power in society they will try to prevent the public school maintenance fund from increasing beyond this point. For this they

will have two motives: to save the government's money in order to use it for other expenditures from which they secure the chief benefit, and to preserve the privileges of their children and prevent them from being reduced to competition on the common level, i. e., the level of equal opportunity, whence they would find their true place solely according to merit.

As long, then, as the German Party says nothing about the number of children to be promoted and the number to be excluded from the governmental secondary schools, nor gives any principle for determining this question, it practically serves "the aristocracy of labor" like the rest of its program, and it does nothing to increase the *relative* income, opportunity, or power of the laboring masses, when compared with those of the classes above them—though it will, of course, bring to these masses considerable positive benefits, just as the other reforms of State Socialism will.

If we look at the principles approved of by the Mannheim Congress of the German Party in 1906 we find no *concrete* advance. As in the Erfurt program, the preamble has some definitely Socialistic principles. Indeed, in this instance it is wholly Socialistic (see Chapter XVII). But the concrete demands are wholly State Socialistic, not even going as far as the Erfurt program. Of its twelve paragraphs six, indeed, refer to the most ordinary demands of the progressive capitalists, already well advanced towards accomplishment in several countries. The other six are also advocated by many progressive capitalists, though, being somewhat radical, they may not be completely carried out until the beginning of State Socialism.

The program of the Socialist Party of the United States has a triple advantage over that of Germany. It was made twenty-one years later (in 1912); it is based

on the economic conditions of a country economically more advanced than Germany, as Kautsky concedes; and, finally, the institutions of political democracy are more developed here, so that the two years immediately preceding 1912 had already been marked by a considerable progress in some of those very social reforms most approved by Socialists. While the American platform is at many points similar to the German, then, it differs profoundly at other points.

I shall not discuss the preamble. The American phrases are even less radical than the German. On the other hand, in the really important matter, the concrete measures proposed, the Americans are far more radical. One extremely important measure is purely Socialistic, another is intended to be Socialistic, while a third goes far into State Socialism, and would undoubtedly pass over into Socialism in the process of being carried out. The other forty-four reforms are almost entirely those of progressive capitalism. But, though more numerous, they are less important than the three points just mentioned, so that State Socialism and Socialism, after all, play a very large part in this program.

Before discussing these three points, a very important fact must be noted. Instead of trying to discriminate between Socialist, State Socialist, and State Capitalist measures, the program confuses them all together—undoubtedly by intention. For the closing paragraph speaks of measures of relief which the Socialists may be able “to force from capitalism,” implying that all the reforms proposed are Socialistic. However, this paragraph had preceded the concrete measures of the previous program (that of 1908) instead of less conspicuously following it as now. At the head of the present program we now find the statement that the reforms proposed are merely “to strengthen the working-class in its fight” for

Socialism and "to increase its power of resistance against capitalist oppression." This claims too little for these reforms—from a Socialistic standpoint, just as the other paragraph claims too much. For at least one of the measures proposed would actually carry society toward Socialism, while two others would mean the abolition of capitalism, even in the semi-collectivist form it is now assuming, and the establishment of State Socialism. Let me now take up these three measures in detail.

In the first place, the American Party goes farther than that of Germany, or perhaps any other Socialist party, in specifying industries that it considers to be ripe for collective operation. It names not only the means of transportation and communication, banking and currency, mines, quarries, oil-wells and water-power, the nationalization of all of which is already advocated by many progressive small capitalists, but it points the way to a yet more radical form of State Capitalism, which is still some years ahead of us. For it demands the collective ownership of *all* large-scale industries. Non-Socialist radicals have not reached this point, but the present attack on trusts is rapidly evolving into an attack on all large corporations. Already a trust is defined by leading progressives as an organization that controls 40 per cent or even 25 per cent of a given product. And this evolution may be made still more rapid by narrowing the definition of what "a given product" is. For every large concern has many *grades* and *forms* of output in which it has a practical, or even an absolute, monopoly.

But the American program takes another and still more radical step in State Capitalism. The nationalization of industry is to be furthered by devoting to this end *all* the proceeds of graduated income and inheritance taxes. And, if this process were continued indefinitely, it would



not only result in the nationalization of all large-scale industries and of all that produce "social necessities" (an expression used in the preamble and referred to below), but it would gradually extinguish the debt which the purchase of industries entailed. This would deprive private capital of a vast field of investment, lower the rate of interest, and increase competition and evolution towards large-scale production in those industries that remained in private hands. In other words, this policy would insure the predominance of public ownership over private capitalism, i. e., it would go beyond State Capitalism and would establish State Socialism.

The evolution of State Capitalism into State Socialism is also provided for in another feature of the program. The industries mentioned are not only to be governmentally owned and operated, but they are also to be "democratically managed." At first this may possibly spell State Capitalism in such countries as America, where wage-earners are perhaps not yet a majority of the voting population, but the evolution of industry will soon make the wage-earners and related groups a majority (if this day has not already arrived). And then democratic management or majority rule would mean State Socialism, for it would definitely put the balance of power in industry into the hands of the aristocracy of labor.

And, finally, it is proposed to take certain steps towards collective ownership of "social necessities." To be sure, it is stated in the preamble that such necessities are "socially produced," that is, produced on a large scale, and this policy is to be extended, not to the production of food and such "social necessities," but to "grain elevators, stock-yards, storage ware-houses" and other distributing agencies—the so-called middle-men. It is, nevertheless, stated in this connection that the purpose is "to reduce the present extortionate cost of living." If this

is, indeed, the single consideration, or even the main consideration, and not the increase of the profits of agriculturists, as we might gather from these specific instances to which this policy is at present restricted, we may safely assume that the carrying out of these first steps will inevitably lead to other steps in the same direction. For example, the German Social Democrats demand, in their election appeal of 1912, "the transformation of great estates into communal holdings, thereby making possible a greater food supply and a corresponding lowering of prices" and "the establishment of public farms." This operation of large farms by cities, states, or nations would follow quite naturally after the more and more rigid control of their food supply that is already to be noted in many European cities, and will, no doubt, be adopted by the American party.

There are a number of features of the American program, it is true, which suggest that agriculturists as a whole (including small capitalist employers) are appealed to even more than industrial wage-earners. This is undoubtedly the effect of this part of the program on the general public in agricultural sections, and the agrarian elements of the party in Oklahoma and Texas—which are in every essential feature like some of the European anti-Socialist peasant parties (as their state platforms show)—are amply satisfied with it. On the other hand, a large majority of the members of the Indianapolis (1912) convention explained that their intention was to favor the agricultural wage-earner wherever a conflict with farmer employers arose, and this is undoubtedly how the overwhelming majority of the party members understand the present program.

The preamble, however, is careful to attribute the high cost of living not to the tremendously increased profits of a large part of the agriculturists, but solely to the agri-

culturists' enemy, the trusts. In several places also it attacks "plutocracy" instead of capitalism, thus appropriating the old Populist expression and idea. But the strongest evidence that the platform is essentially agrarian is the use of the ambiguous expressions on the question of private vs. public land ownership, which has become doubly important since the increase of land values has been almost identical with the rise of agricultural prices, of which it is the immediate cause. The program demands: "the collective ownership of land wherever practicable, and, in cases where such ownership is impractical, the appropriation by taxation of the annual rental value of all land held for speculation or *exploitation*" (my italics). Party discussions before and after the Convention leave no doubt that this last word means, to the large majority of Socialists, "exploitation of hired labor." But some, at least, of the framers of the program have been satisfied that the words "of hired labor" were *not* added, though fully aware that to the farmer-employer and the public generally the word "exploitation," if clearly understood at all, would be taken as merely strengthening the word speculation. In this interpretation the rental value would be taxed away only in the case of landlords, or those who had bought farms to sell for speculation. The agriculturist who was present and superintending his enterprise might have a thousand hired laborers and not be covered by this clause, as a large part of the public understood it.

A resolution passed by the same Indianapolis convention reads: "To prevent the holding of land *out of use* and *to eliminate tenancy* we demand that all farm land *not cultivated by owners* shall be taxed at its full rental value, and that *actual use and occupancy* shall be the only title to land." All four of the expressions I have placed in italics strengthen the agrarian interpretation of the

party's position. If there is some ambiguity in the last two (they *might* be interpreted as directed against large *farmer-employers*, who did little or nothing with their own hands), the first two, which are the ones that explain the object of the resolution, leave no doubt. They are directed against speculators and landlords, and against these alone.

However, a resolution has not the force of a program measure, though it may be as much used in campaigns to secure public support—and votes. We may safely assume that the party organization will sooner or later be forced by its members, three-fourths of whom are industrial wage-earners, to definitely abandon State Capitalism in this absolutely crucial question and to take up the State Socialist position—demanding the governmental appropriation of the land rent or land capital of all farmers excepting only those who do all (or nearly all) of their own labor, and at least beginning the municipalization or nationalization of other agricultural capital, by the establishment of large municipally and nationally operated farms—*with the prime object of reducing the cost of living*—but also in order to furnish desirable employment to every kind of agricultural talent, and especially to labor, thus gradually raising agricultural wages. This will not only mean a rapid and continuous decrease of the total number of small capitalist farmers, especially of those who employ labor, and the transformation of State Capitalism (which is built mainly upon them) into State Socialism, but it will bring the latter form of society to that advanced stage where Socialism also becomes practicable.

But, most important of all, the American Socialist program contains a policy that is purely Socialistic. It demands the “shortening of the working-day in keeping with the increased productiveness of machinery.” If

this were done, the constant increase of the profits or other income of the ruling-classes, which would otherwise continue, both under State Capitalism and (as far as income is concerned) under State Socialism, will be effectively checked, and the chief benefit of progress will begin to go to labor. Obviously neither the small capitalists nor the aristocracy of labor will allow this policy to be put into practice, as long as they rule. But it gives Socialism at once a sure means of checking the growth of class-rule at a later stage of social evolution and an immediate goal and measure of present success. For only in proportion as we approach this goal to-day, do we draw near to the time when we will *begin* to progress in the direction of a Socialist society.

Obviously, the party may some day prefer an increase of real wages (not of mere money wages, of course) to a decrease of hours, especially after the reduction of hours will have reached a certain point, say the 44-hour week (8 hours a day, and 4 hours on Saturday). A shortening of hours is at present preferred to an increase of wages, both because it is at present more needed, and because it avoids the increased cost of living that so often follows increased money wages. But the principle is the same. And, if later an increase of real wages is demanded, also in keeping with the "increased productivity of machinery," this would evidently help quite as much as a shortening of hours to check the further increase of exploitation under State Capitalism and State Socialism.

When industry is largely operated, or even largely controlled, by government, the wage question becomes a political question—indeed, it becomes *the political question*—and will have to be definitely treated in the Socialist program. There is no reason to suppose that any Socialist party—even under State Capitalism, when as yet only



the small capitalist members of the party will have gone over to the government and the aristocracy of labor still remains in the party—will refuse to extend this demand for shorter hours to read as follows: "We demand an increase of real wages and a shortening of the working day, *distinctively in advance* of the increased productiveness of machinery." Every step in this direction would lead us towards a Socialistic society, and when we had gone a certain distance on that road, we might say, not only that we were moving *towards* Socialism, but that we were actually taking steps *in* Socialism. (See Chapter XVI.)

## CHAPTER XV

### NATIONALISTIC SOCIALISM

HISTORY does not move backward, certainly not at this late day, and internationalism will grow steadily stronger, though taking new forms under State Capitalism and State Socialism. The older nationalisms will disappear, and other forms of economic competition along national lines will at first take their place. Already the Labour parties are thoroughly nationalistic, and in proportion as Socialist parties are given over to State Socialism they also have become nationalistic. State Socialism, then, will bring a new nationalism, but even before State Socialism can be transformed into Socialism the laboring masses of the world will have been united in a new internationalism.

When the laboring masses were peasants, or agricultural serfs, perhaps the most effective way of keeping them down was through wars and militarism. These were made possible either by the ignorant hatred of one race of peasants by another, or by the complete lack of any common economic bond between them, which was due to poor transportation and communication. But the revolution in transportation and communication, which passed its climax in America and Europe within the present generation, and is now beginning in Asia, Africa, South America, and Australia, is rapidly reversing this condition. Unskilled labor has now found a world market.

Its mobility immensely increases its powers and oppor-

tunities, as it is able to go economically half way around the world for employment and in a few weeks' time. The most rapid *world wide* development of the present form of Capitalism, of State Capitalism, and of State Socialism seems to require that this mobility should be preserved. But the interests of the small capitalists and skilled workers of the nations threatened by a large invasion of such labor require that it should be artificially and forcefully restricted. For if it is not checked, competition in the small farms or businesses and in manual or mental skill will be greatly intensified.

Neither under State Socialism nor under State Capitalism, however, will the laboring masses of the country invaded be to the same degree perturbed. They will know that unskilled and semi-skilled labor, domestic or foreign, will be paid efficiency wages, neither more nor less. So, while all the labor unions and Socialist parties under the control of the aristocracy of labor favor certain checks on immigration as soon as it begins to be large, those unions that are controlled by the unskilled have often displayed no such hostility. Of course immigrant labor is nearly always of a somewhat different, and sometimes of a widely different, race and this is used as the pretext against it, but the skilled workers nearly always themselves explain that it is solely "a lower economic standard" to which they are opposed. So both the older unions and "Labor" parties in America and all English-speaking colonies have taken a stand either against Asiatic or against colored labor or against both—and in no country have they developed any thorough or effective co-operation with such different races.

The leader of the British Labour Party, a member also of a Socialist Party, argues, on a racial pretext, that India should remain indefinitely under British tutelage, and his views are typical of the former organization.

The question is, can the Labour Party persuade the *masses* of the British workers that it is to their interest that the East Indians should remain indefinitely in the arbitrary power of the governing classes of the British Empire, whether these governing classes are large or small capitalists, or aristocracy of labor? India is one of England's chief sources of food and clothes (cotton). A lower cost of living is important to the laboring masses, but it is scarcely as important as the need of allies (domestic or foreign) against the ruling-class, or as the destruction of the whole military and imperialist structure that is the chief obstacle—aside from class privilege itself—to the development of industrial democracy.

Already the most aggressive anti-militarism everywhere is among the radical wings of the Socialist parties and labor unions. Not all the agitation against militarism and war, however, is that of the laboring masses. In so far as it is levelled against the mere financial cost of armament, it chiefly concerns skilled laborers and small capitalists, for the unskilled and semi-skilled expect to get no more than efficiency wages in any event, and of these they are assured, so that they do not pay the armament bill. Moreover, a good deal of anti-militarism (such as that of France) is merely a survival of the desperate insurrectionism of artizans, craftsmen and other decaying social classes, and is in reality directed neither against armies nor against war, but against existing governments—these classes being unwilling or unable to wait until State Capitalism, having evolved into State Socialism, gives them their opportunity—which opportunity even then will have little in common with their revolutionary “general strike.” But this agitation, whatever its *motive*, undoubtedly draws its chief *force* from the fact that the laboring masses have little to gain, either from war or from militarism, and everything to lose.

It is different with the aristocracy of labor. In proportion as a country has colonies, as the vote at the International Congress at Stuttgart shows, the aristocracy of labor in that country favors colonies—and their defense. The Congress was evenly divided on the question. Where a large navy is everything to an empire, as in Great Britain, the most that the leading Laborists require is that it should not be increased. And where the armies are large, as on the Continent of Europe, it is proposed merely to change their form but to retain universal conscription—while the German Party has even voted money for an increase of the *present* army. (See Appendix C.) And, finally, we have the Labour Party of Australia in favor both of conscription and a large navy, in order to prevent other races from sharing in the development of the sparsely populated Australia. For the aristocracy of labor have property to protect, namely, their skill and their positions.

But may not Laborism or State Socialism, in a country like Australia, allot to the unskilled something more than an efficiency wage in order to give them also a stake in the country and arouse their "patriotism"? This is possible and, in some countries, even probable. But such a policy would be very costly, both on account of the increased cost of labor and because it would so seriously hamper the nation that adopted it in international industrial competition that other nations would soon leave it so far behind in military strength that it would soon be defenseless.

Moreover, no nation is any longer economically independent. If the import of the unskilled labor needed for a country's development is much interfered with there will be a corresponding export of capital. If labor is not allowed to come to capital, capital will go to labor. Nor is this artificially stimulated exportation of capital



an evil from the point of view of the laboring masses of the world. It retards the development of the most developed countries, but it advances the development of the least developed countries in the same proportion. It thus directly serves the development of humanity. But it also serves humanity in another way. For the undeveloped countries not only hold back the masses in those countries, but they also furnish the plunder for all imperialism and the pretext for most militarism. Nor is this all, for their helplessness is used—with a certain measure of success—to corrupt the laboring masses of imperialistic nations by persuading them to accept certain benefits at the tragic expense of other peoples, who are kept—whether in Africa, Asia, or South and Central America—in a semi-servile condition. And it is only the undeveloped state of neighboring countries that brings a part of the masses of Australia to think they can keep that country nine-tenths empty because they came there a few years earlier—whereas their only real claim, in the court of laboring masses of the world, is that they should be amply compensated for the exceptional labors and hardships of first settlement.

The international phase of social evolution is the most basic of all for the reason that unskilled labor will never form the same proportion of every nation, but will remain very unequally distributed. When backward countries are developed the unskilled and semi-skilled, together with small peasants, may cease to form ninety per cent of the population as they now do. If their development is constantly accelerated, Russia, China, India, and Mexico may, within two or three or four decades, show only seventy-five or even sixty per cent of this kind of population, and may have advanced through State Capitalism to the verge of State Socialism. But, in the meanwhile, countries that are industrialized to-day will be still more industrialized,

and in all these the laboring masses will have become a minority, if a large one, while in some countries, of which Australia and Great Britain (also Holland and Belgium) are types, there may be a sort of imperialistic industrial democracy, in which even the children of the lower ranks of labor are given some approach at least to equality of opportunity—at the expense of the laboring masses of colonies or of economically subjected countries.

In a word, the laboring masses of the world, those doing the unskilled and semi-skilled work, may be located chiefly in certain countries—those that are now most backward. And the population of certain other countries may be classed almost wholly, or even wholly, among the aristocracy of labor. This will not change the problem of social evolution as I have described it, since I have shown throughout that it is fundamentally economic in nature and not political (in the narrow or national sense). Obviously, it would make no fundamental difference in the questions I have discussed if, in a given country, the aristocracy of labor inhabited one section and the laboring masses another. Nor is there any fundamental distinction if the division is along the lines of national boundaries.

Now, does this mean that the final form of the class struggle will be largely between nations, and that nationalism will be the last defense of State Socialism against Socialism? Let me point out briefly the position of the State Socialists (avowed Laborites and Laborites who go under the name of Socialists) on this question.

At the International Socialist Congress at Stuttgart in 1907 the resolution against war, a result of prolonged discussion, was in its most crucial part, as follows:

*“Wars are part and parcel of the nature of capitalism; they will cease only when the capitalist system declines, or when the sacrifices in men and money have become so*

great as a result of the increased magnitude of armaments that the people will rise in revolt against them and sweep capitalism out of existence. . . . The Congress therefore regards it as a duty to impress on the working classes, and especially on their representatives in all parliaments, the absolute necessity of opposing all naval and military armaments and to refuse funds for their upkeep.”<sup>1</sup> (My italics.)

It is true, as Marx says in the Communist Manifesto, that in proportion as domestic exploitation decreases international exploitation will probably decrease also. This is a basic truth—and a tremendously important one. But it does not follow from this that international exploitation cannot diminish before Socialism has begun to diminish domestic exploitation.

If the nations are to remain in conflict as long as capitalism lasts, it is only one step, and an unavoidable one, to the position that Socialism must be achieved by each nation separately, that the property of the more “Socialistic” countries must be defended as against the others, and that armies must be maintained for that purpose. The Laborites and Laborite Socialists have not hesitated to draw this unavoidable conclusion and definitely to assume a position so thoroughly in accord with the interests of the aristocracy of labor and with “patriotism,” and so popular with a large part of the voters.

Several Socialist Parties, like that of Germany, have already gone far in the direction of nationalism. (See Appendix C.) These have repudiated the Stuttgart resolution above quoted, though they have not yet succeeded in capturing an International Congress. Bernstein, for example, teaches that, while *individual* private property should not play a dominant rôle in the society of the future, the private property and vested interests of a,

*nation* should do so. "The workman who has equal rights as a voter for state and local councils," he says, "and who thereby is a *fellow-owner of the nation*, whose children the nation educates, whose health it protects, whom it secures from injury, has a fatherland." <sup>2</sup> Yet Bernstein denies this geographical or sectional right of ownership to all governing units of a smaller size than the nation, and it devolves upon him to show us how, as to rightful titles of ownership, there is any necessary or real distinction between the nation as part of the world and the local government as part of the nation. "We can as little grant to the district," says Bernstein, "an unconditional and exclusive right to the soil as we can to the individual. Valuable royalties, river rights, etc., belong, in the last instance, not to the parishes or the districts, which, indeed, only are their usufructuaries, but to the nation. Hence an assembly in which the national, and not the provincial or local, interest stands in the forefront claims the first duty of representatives, appears to be indispensable, especially in an epoch of transition." May we not equally well substitute the word "international" for "national" and the words "national" for "provincial" or "local"? Is not an international assembly to deal with great and growing economic questions that must be solved in common by the great nations equally indispensable to the interests of the laboring masses? Are not *national* rights to the soil as inadmissible and as destructive of all equity as the so-called rights of a district, and on the same grounds?

Yet this small capitalist and Laborite form of nationalism is bound—for several decades at least—to sweep all before it and to counteract or postpone capitalist and Socialist tendencies towards internationalism. Already the incoming State Capitalism is immensely reinforcing nationalism. State Socialism will reinforce it still further.

Until recently internationalism has had a great growth—through two causes, both of them growing weaker now. First, the large capitalists were gradually becoming international—we have had international financiers and international trusts largely directing the fate of nations. As small capitalists' governments begin to control finance and industry along national lines this internationalism gives way to the most intense "patriotic" and militaristic nationalism. The promotion of business is then "our" national or patriotic concern. The small capitalist majority all consider themselves rightly as being shareholders through their control of government, and like other shareholders are ready to allow their agents to go to any length of crime or bloodshed for greater dividends. So, for example, did the small capitalists of France rescue the Czarism financially—on patriotic grounds—and now, to protect their investment, defend every bloody infamy of the Czar.

The large capitalists, when not internationalists, were imperialists. Now imperialism, the seeking of colonies or privileges in trade or investment, may be semi-international. So we have, in China, Turkey and elsewhere, frequent Concerts of the Powers—which means a co-operation of all leading nations, except those being preyed upon. Small capitalist governments, like that of the United States, are less interested in such Concerts. They cannot hope to make large enough gains from colonies, protectorates or exploited peoples to pay for the armaments needed for imperialism (e. g., the present American policy in China, Mexico, etc.). They are interested rather in protecting what they have at home. Examples are the tendency of the United States and Australia to protective duties, to restriction of immigration (largely against those who become small producers or shopkeepers), and to laws against alien land ownership. There



is nothing even semi-international about this, and far less chance for agreements with other nations—unless among neighboring countries which really form a single economic unit, and are inhabited or owned largely by the same persons—i. e., are on the road to becoming a single nation.

And with the internationalism of the large capitalists, who, until recently, seemed about to possess the earth, is passing the internationalism of the working class. When the labor unions and so-called workingmen's parties were thought to represent the unprivileged—and did so to a greater extent than they do to-day—they stood for internationalism. For the unprivileged pay the chief costs of war, in their blood, and get the least gains—sometimes a slight gain perhaps, but usually accompanied by a reversion from democracy towards militarism. But the skilled laborers gain more—their labor privilege rises in value with the commercial success of their country. Moreover they have something to defend. They want industry to keep its foreign markets and they want to exclude immigrants from competing with them. And under State Capitalism they do not want to share their government and privileges even with such immigrants as are admitted. So in Australasia old age pensions, etc., are given only to those who have been a certain time in the country.

And when Laborite or State Socialist governments are established, this class becomes even more nationalistic, quite as much so, indeed, as the small capitalist under State Capitalism. For the aristocracy of labor are then also admitted to be shareholders in the nation's industries, and also in the land. Governed by the motives Bernstein defends, they will above all seek to monopolize the home market and keep international trade at a minimum. They will occasionally go farther and even seek,

or defend, a monopoly of certain foreign markets by force of arms—though, as I have said, they will find this imperialism costly, and, as it cannot be as profitable to them as it has been to the large capitalists, they may soon abandon it.

In a leading organ of the opportunist Socialists of Germany, for example, there appeared a few years ago the argument that Socialism could only grow with an increase of the working class, that the working class could not grow without an extension of industry, that industry could only extend itself farther through foreign markets, and that foreign markets could be won and held only by the sword.

Those who want colonies forcibly retained are as yet in the minority among Continental Socialists, but this policy has many prominent Socialist adherents in all those countries whose colonies are at all valuable, including not only Vandervelde in Belgium and Von Kol in Holland, but Bernstein, David, and many others in Germany. Indeed, when it came to a vote at the Socialist Congress at Stuttgart, not only a large majority of the British and half of the French delegation voted for the colonial policy, together with the parties of Belgium and Holland, but the very powerful German and Austrian parties also.

The stronghold of imperialism and colonialism in the Socialist movement, however, is among the Laborites of Great Britain. When Keir Hardie once went so far in the anti-imperialist direction as to say that what is good government for Canada is good for India, Arnold Foster reminded him that the loss of India would mean not only a loss of trade but also increased prices for bread and tea, and loss of employment to hundreds of thousands of men and women in Great Britain who produce goods for exportation to India and to tens of thou-

sands who live by manipulating and distributing them.

It is because the imperialism of Great Britain has been thus so frankly building its nest in the people's pocket-books and is so closely connected both with employment and a low cost of living, as well as with new markets and profitable investments, that it has become such an universal and irresistible force among all social classes. In that country where imperialism is at its height and where imperialists lead every reactionary movement and are the most formidable opponents of democratic progress, one might expect the opposition to imperialism to be strongest also. But the contrary is the case. The movement for peace in Great Britain and against military expenditure and imperialism is, at the bottom, weaker than in any other country, one of the Socialist parties being tainted with colonialism and the other with militarism.

Keir Hardie, for example, has revised his previous position, and, in spite of sensational statements to the contrary, now takes an attitude towards India which it is somewhat difficult to distinguish from that of the present Government, and certainly is not as advanced as that of some of the Radicals and especially of some of the Irish members of Parliament. His chief concern now is that the integrity of the Empire should be preserved, as he emphasizes this again and again in the conclusion of his recent book. He advocates certain moderate reforms in India, but chiefly those that "will bind the people more closely to us and lead to their becoming a loyal self-governing part of the Empire." "Repression," he continues, "will only intensify their determination to secure *self-government*, and may lead finally to the loss of what has been described as the *brightest jewel in the British crown*." <sup>3</sup> (Italics mine.) He insists that the Indian people will be *loyal* "if they feel that their

grievances are being acknowledged and redressed." Again he writes:

"We have responsibilities not only to the people of India, but also in the face of Europe; for if unrest spreads throughout India a conflagration may one day break out in China, Japan, or even nearer home, which will set India ablaze and burn up the last vestige of British rule." <sup>4</sup>

It would appear to many people, outside of Great Britain, that nothing could be more desirable than that the Indian people should become disloyal, should assert their manhood and put an end to British rule.

The position of other leaders of the Labour Party is still more backward. MacDonald, for instance, attributes the decrease in England of the popularity of peace, international fraternity, and the proposal to reduce armaments, not to the imperialism of the British, but to that of other nations. "The Rulers of Russia and Germany," he says, "have thrown back progress, the one has crept towards India, the other has put Dreadnaughts on the North Sea." <sup>5</sup> MacDonald thinks to save the Socialism of this statement by saying that these imperialistic moves have not been the expression of the free will of peoples, but of governments. He overlooks the fact that England is drawing untold special profits from the results of past conquests, and that until she relinquishes these privileges the people of other nations have a right to demand a share, and that Great Britain has a purely imperialist motive in standing for peace and the status quo.

MacDonald has written at greater length and developed a more detailed international policy than any other prominent British Socialist. His first and fundamental defense of imperialism is that a great empire ought to be able to develop a beneficent policy for its colonies even

when the latter are not given, in the ballot, effective control over their own government; and he does not hesitate to say that *in India a majority of all important government bodies should be white*. The tropical people, he humanely concedes, are "to be treated as human beings," but the government is to assume responsibility *for* them. Such principles are of course fundamentally identical with those of all imperialists. MacDonald's elaborate apologies give us a deep insight into this Laborite imperialism. He writes, for instance: "The world is the inheritance of all men. Tribes and nations have no right to peg off parts of the earth and separate them from the rest as much as though they had been withdrawn to the moon." He wishes this principle to be applied exclusively *against* the natives, however, and not *for* them. Where the colored races wish to emigrate into white countries the principle does not apply, for "the power to exclude undesirable immigrants, to classify whole races amongst these undesirables, and to control in other ways the conditions of immigration, may be exercised by the self-governing States without in any way violating those imperial traditions which, as democrats, we desire to preserve." <sup>6</sup>

MacDonald does not fail to see the danger of this contradiction, and of his practical assertion of the right of the white race to one law while it applies another to the colored, and he does not shirk the prediction that the result will probably be war—"The position therefore is that both sides are striving for self-preservation, and war is not at all an unlikely eventuality." <sup>7</sup>

This spokesman of the aristocracy of labor does not believe that democracy can *ever* be established among "natives." "The democracy of these northern lands is probably native to the soil and to the race. To go with it north, and south, east and west, as though it were the



inevitable end of all government, is to make a fetish of it." <sup>8</sup> Nor does he see any way by which these fundamental differences, which prevent the development of democracy in the colored races and threaten war, can be made less by friendly intercourse. He is opposed to any intimate social relation, such as prevails in South America, on the ground that race mixture is an evil, and he bases his criticism of the imperialism of the past on the proposition that *it did not go far enough*, that "the essential differences between peoples . . . was *not* recognized."

MacDonald apparently is not in favor of materially decreasing the national armament. Rather it would seem that his position is not dissimilar to that of those British peace advocates who hope to preserve and strengthen the British Empire by preserving the present armament without increase *if the other nations can be persuaded to accept the present British naval superiority*. "Nor should we necessarily regard the armaments required for the security of the Empire as nourishment for the spirit of militarism," he writes. "It is not armaments that produce militarism but the political spirit behind the armaments. Moreover, a nation which divides its territory will not in consequence divide, but multiply, its armaments." <sup>9</sup> In other words, sufficient armament must be had to make the British Empire safe, because, if it were defeated and divided, still greater armaments might be the result.

Most astounding and most ominous is the consignment of the unskilled workers of the British Empire to a position of permanent subjection by Mr. and Mrs. Sidney Webb. One of the gravest social dangers, according to these authorities, is the diminishing birth rate among the "higher" classes of the "higher" races. The result is that "into the scarcity thus created in particular dis-

tricts, in particular sections of the labour market, or in particular social strata, there rush in the offspring of the less thrifty, the less intellectual, the less foreseeing races or classes—the unskilled casual labourers of our great cities, the races of Eastern or Southern Europe, the negroes, the Chinese—possibly resulting, as already in parts of the United States, in such a heterogeneous and mongrel population that democratic self-government or even the effective application of the policy of a national minimum of civilized life will become increasingly unattainable.”<sup>10</sup>

Yet it is chiefly if not wholly upon these very races and classes, as against the aristocracy of manual and mental labor of such a country as Great Britain, that Socialism and democratic progress must one day depend.

To advance civilization and keep “the guardianship of the non-adult races” in the right hands, there is no means so valuable as the British Empire—according to these British “Socialists.” The Webbs say that “in the very nature of things, States do not profit by stealing from other States, whether what they steal is territory, population, or money.” But this does not apply, it seems, to the way the British Empire was acquired, nor is it apparently any reason why India or Egypt, even after preparatory steps, should be given their independence. “Private enterprise and the desire for riches are no more to be trusted with the weaker races now than before,” we read.<sup>11</sup> But the classes that control or will soon control Great Britain, the Webbs hold, are, or will be, free, or comparatively free, from such selfish motives. These classes are going to legislate for the “non-adult races,” “to save them from themselves.” Some of these races may some day be freed and can now be prepared for this freedom. “But, as regards many parts of the British Empire, it would be idle to pretend that anything like

effective self-government, even as regards strictly local affairs, can be introduced for *many* generations to come—in some cases, conceivably *never*.”<sup>12</sup> (My italics.)

There is a second Socialist party in England which takes a very different position from the Independent Labour and Labour parties and Fabian Society that Hardie and MacDonald and the Webbs represent. The British Socialist Party, the chief figure of which is H. M. Hyndman, not only opposes imperialism and colonialism, but stands for the immediate independence of India and Egypt, as soon as sufficient movements of revolt have developed in those countries; to use the words of Hyndman, the demand is for “abandonment of domination in India, Egypt, etc.” But in the very paragraph (in the syllabus of a recent address) in which this phrase occurs we find the demand for “a powerful navy and a citizen army,” which means the enlistment of the whole serviceable population of Great Britain.<sup>13</sup> In principle Hyndman is a courageous opponent of imperialism and if he wishes British military power to be developed it is only in order that Great Britain may be able to support the democracies of Europe against the reactionary monarchies, Russia, Prussia, and Austria.

The British Socialist Party, then, stands against imperialism, but a large section of it is for a certain form of militarism, while the Independent Labour Party stands on the whole against militarism, but for all practical purposes is for a “defensive” form of imperialism. It is taken for granted by the Social Democrats that Germany, as now governed, is the enemy of Great Britain, that she is “steadily and vigorously preparing for war by land and sea.” “An attack upon Great Britain is being carefully organized as part of this mature aggression,” etc., etc. Hyndman and other leading members of the party feel that the civilization and political institutions of Great

Britain are, on the whole, so much superior to those of Germany that it is worth while to make great sacrifices for defense against this "foreign aggression"—"Whether this country is worth defending," says Hyndman in Justice, "may be a question for the workers who don't own a foot of it. But at least, if we are going to fight for it, and are compelled to pay heavily for this, let us have the means of doing so effectively in the shape of a democratic citizen army and a sufficient fleet." <sup>14</sup>

At the 1911 Conference of the predecessor of the British Socialist Party (the Social Democratic Party) Hyndman and Quelch won a majority for their standpoint. After stating their opposition to wars and armament, the resolution declared that the best means to carry out the decisions of the International Socialist movement were "to maintain a sufficiently strong fleet and to bring about a re-organization of our military system on the basis of a national citizen army and the discontinuance of all aggressive imperialistic politics." The word "aggressive" even makes it doubtful if India and Egypt are to be abandoned, but there can be no mistaking the intention to make ready for war on land and sea.

In the defense of the resolution Quelch said that in his opinion the interests of international democracy require a strong British fleet, and that the very existence of England depended on her domain over the seas. Hyndman said that the Socialists of all countries were for a people's militia for defense and that a fleet was to England what a militia was to the Continental states. Moreover England was bound through treaties to defend the independence of the smaller nations, and it would be dishonorable to give over Denmark, Holland, Belgium, and Switzerland to the mercy of Prussian attacks.

It is true that the resolution above quoted remained in force for only a few weeks. The Party finally decided

“to oppose strenuously every demand for an increase of naval armaments.” But there was nothing said about decreasing the navy, the proposal of a citizen army was affirmed, and nothing was done to attempt to counteract the former declarations of Justice, the Party organ; while the minority that was ready to reiterate its imperialism was still formidable.

The Independent Labour Party, on the other hand, has declared strongly against a large navy, and against war with Germany under any contingencies. It even proposes a general strike of transport workers if war is declared. At the time of the Morocco Crisis of 1911, in a mass-meeting in Trafalgar Square, Keir Hardie said that the English workers must hold themselves prepared, so that, if the order for war and the murder of brothers goes out, not a soldier or a cannon shall be transported by steamer or railway. Do we have a serious movement against imperialism, then, headed by this Party? The indications are that we do not. The position of the party is of the same general character as that displayed in Sir Edward Grey's threat that the workingmen would overthrow governments if they did not cease to augment armaments. The conservative chief director of Great Britain's foreign policy, however, is unwilling to surrender one iota of her imperial advantages. He wants peace—and is willing that the workingmen should fight for it—but *on the basis of the superiority of the British Fleet and the preservation of the Empire as it is to-day*. Keir Hardie, at the meeting mentioned, pointed out that the workers of the Continent were already ripe for action. *As long as the workers' movement against war is international, and is not accompanied by any demand for the readjustment of colonial or other questions between nations, there can be no doubt that it strengthens the “stand-pat” imperialism of Sir Edward Grey.*



Nor should we overlook the cordial relations that existed between the Labour Party and the government during this same Morocco crisis. MacDonald, in the name of the Labour Party, made a speech in which he announced both its firm advocacy of peace and its determination to support what is now generally recognized to have been the more or less warlike policy of Sir Edward Grey. At this critical juncture MacDonald said in Parliament that "he hoped no European nation would assume for a single moment that party divisions weakened the national spirit." This declaration, hailed as "patriotic" by the British imperialists, was officially received by the German Socialist Party, on obvious political grounds, as a satisfactory declaration of internationalism! But it has frequently been referred to by the reactionaries of France and other countries as an evidence of the "patriotism" of the British workers, as opposed to the unmistakable and menacing anti-militarism of those of France.

The Labour Party, like the Liberal Government, stands for peace—and the superiority of the British fleet and the integrity of the British Empire. The desire to hold their colonies for the benefit of the people of the home country has led the Dutch Party to a similar attitude, and also a part of the parties of Belgium, Germany, and France, and one of the two Italian Parties. Even the American Party has assumed an attitude towards certain foreign races that both these races and all unprejudiced third parties can only regard as hostile. For it has adopted Asiatic exclusion under another name. (See Appendix F.) The astounding story of the repudiation by the German Party of the Stuttgart resolution—which required all Socialist Parties "to refuse funds for the upkeep of all military and naval armaments"—is too long to tell here and has been placed in the Appendix. (See Appendix C.)

The philosophers and leaders of the British Laborism have as little regard for the backward races as they have for the less skilled laborers in their own country. And, when Laborism is in power, we may well picture a worldwide class struggle of the future when some nations will be divided while others are to be found wholly on one or the other side. The political philosopher of the German Party is considerably more advanced. He does not contemplate colonies at all. But he does contemplate the increase of what might be called economic nationalism, the basis of political nationalism. States are to find "safety" not in growing economic interdependence but in growing economic independence. Each State is to produce "all that is actually necessary" and is to exchange only "superfluities" with other States. This would bring an armed peace indeed, both in a commercial and in a military sense. It is hard, indeed, to see how a more unstable or dangerous condition could be pictured, especially when we remember that for the transitional period during which it is being introduced the aristocracy of labor, with privileges to protect, will be in power. But, even if some of the nations were industrial democracies, the case would be little better. Ten million people might attempt to bar out all the other billions of the earth from some large territory, such as Australia, for example. This State might be economically independent, but what difference would that make?

Kautsky says that under Socialism "exportation and importation of products from one State to another will fall off greatly."<sup>15</sup> This economic nationalism is not a Socialistic but a State Socialist ideal. But fortunately the tendency is so strongly set the other way that there is little danger that the present growing interdependence of nations may be checked even under State Socialism. And this is the only hope also for Socialism,

which depends upon the gradual fusion of the nations, first into an economic and then into a political whole.

State Capitalism and State Socialism are *necessarily* nationalistic in this economic sense, for when private industrial enterprise and competition have become insignificant, and the privileged classes include a majority of the population, a large part of the energies of the nation will be thrown into the competition of the governmental industries with those of other nations. There will be competition of nations instead of competition of individuals. However, this competition, if not excessive, is one of the greatest hopes for further industrial progress. For just as private competition leads to larger and more efficient business units, and then to governmental industry, so national competition leads first to larger nations and groups of nations, then to a more scientific division of markets, then to specialization, or the monopoly of certain industries by certain nations, and finally to a gradual integration of the whole.

This process will begin with the overwhelming and irresistible demand for commercial reciprocity between neighboring countries. Genuine reciprocity of the United States with Canada is coming soon. The approaching small capitalists' democratic collectivism on the continent of Europe will surely bring reciprocity between a growing number of countries there. For the competition of North America and the British Empire will force them towards it, and the overthrow of those financiers and large interests which have caused all recent war-fevers will result almost immediately in this great change—the beginning of a greater and greater economic interdependence and the end at least of increasing armaments—though by no means the end of armies, navies, or perhaps even of war.

State Socialism, which comes soon after this reciprocity movement, will bring a further advance in the shape of a

great decrease of armaments and of the crushing tax burdens they place (under the régime of efficiency) upon the *upper* classes, together with the establishment of militia systems and the internationalizing of navies, making them more and more an international sea police. This is about the extreme limit to which Laborites, State Socialists, and many Laborite Socialists can see, and we may take this as one reason, among many others, for supposing that it is about the limit of State Socialism.

Now all this means, as Bernstein's reasoning suggests, a survival of the principle of private capitalism, that is, that the nation feels itself as the *owner* of the land on which it dwells. But to admit this leads in the case of many unsettled countries to the most absurd conclusions, conclusions that become utterly impossible as the population of the world increases. The interest of the majority of the world's population, the interest, at least, of the laboring masses, requires the equal development of all the earth. And militarism and class rule cannot give way to Socialism, except as national ownership and national economic independence give way to international ownership, and international economic interdependence.

Similarly an "international" naval police force, as advocated by the British Socialists, will surely be used for the repression and subjection of those nations and races where the laboring masses predominate and their exploitation by the races and nations ruled by an aristocracy of labor. We may even gauge the steps we shall have taken on the road from State Socialism to Socialism by the gradual decrease of armies—militia or otherwise—and of navies, even if they form a single "international" police.

The movements discussed in this chapter have been those of the small capitalists and the aristocracy of labor and the tendencies described have been those of State

Capitalism and State Socialism. But will there be no nationalistic influences bearing upon the movement of the laboring masses? There are, indeed, two important causes that retard the international solidarity also of the laboring masses. If a very large part of a nation's income is derived from the exploitation of the masses abroad, of political colonies or economic dependencies, as I have pointed out, some share of the spoil may reach even the common laborers of the home country—who, moreover, will not be numerous enough to constitute a real power, such work as they do being done largely by these foreign workers. Or, if the standards of living of the laborers of two countries are extremely unequal, those with the higher standard will fear the competition of the others and go to great lengths against them. The best example of the first condition is Great Britain, while Australia, the British colonies and the United States best exemplify the second case.

At the present moment, then, the laboring masses of the various countries are also widely separated, though far less separated than the aristocracies of labor. But the political and economic dependence of backward countries is bound constantly to grow less, and capitalism, which has already absorbed nearly half of the inhabitants of the world, largely within half a century, is in a position to absorb the other half much more rapidly. The demand for unskilled labor in industry may in a comparatively short time absorb all the millions that China and India can spare from agriculture, and the Asiatic standard of living may rise at least to that of the Slavic, Italian, Greek, and Portuguese laborers, who have so readily adopted the standards of the American working class. The laboring masses are not international in their attitude to-day, but they are bound to become so, as rapidly as they become industrial wage-earners. The standard of



living determines wages only in those backward employments that are not yet drawn into the circle of scientific management, where only efficiency wages can prevail. As one industry after another is put upon this modern basis in any one nation the other nations, no matter how backward, will have to follow, and American or European wages will thus gradually prevail, even in many industries of Asia.

And finally the unskilled will always be more mobile than the skilled, more mobile than any class but the large capitalists. They will not be able to enter countries from which they are excluded by State Capitalism or State Socialism; they will not readily leave such countries, for to do even unskilled labor there becomes a privilege. But they are not rigidly held, as the small capitalists and skilled workers usually are, by privileges largely specialized along national lines. The language is less important in their work, being powerless politically, the possession of citizenship and of political knowledge and influence is of less value, being less organized, the fact that one country has stronger unions than another does not mean very much, and, since their children have little opportunity to rise anywhere, educational and other opportunities are of less moment. Indeed we may almost expect that the falling cost of trans-oceanic and transcontinental transportation will more than compensate for the legal restriction of immigration. The shifting of labor back and forth from one country to another—though forced to take new lines—may, then, continue to increase, and the laboring masses may progress towards internationalism even more rapidly than to-day. [For the attitude of the American Socialist Party towards the unskilled of the backward races see Appendix F.]

## CHAPTER XVI

### THE TRANSITION TO SOCIALISM

SOCIALISM will be reached, if it is reached at all, as every other form of society has been, by stages—usually one step at a time, occasionally a number of steps at one time, but certainly not at a single bound. To decide whether we are actually *moving* towards Socialism, however, it is not sufficient to determine whether we are taking one or several steps in the direction of Socialism. For powerful economic forces are also constantly at work carrying us in the opposite direction and I have shown that some of these anti-democratic forces are likely to continue for many years. We may be taking steps towards Socialism, while the very ground on which present society rests is moving still more rapidly in the other direction.

The process by which Socialism, or any other new form of society, is attained may be divided into three stages. The final stage arrives, as a rule, only when new social classes begin to gain secure control of society and commence, by degrees, to transform it. Obviously, there must be some *psychological* preparation, however, or the class coming into power will have neither the will nor the intelligence to fill the function that awaits it. And there must also be a *concrete* preparation. That is, if the new classes are finally to become dominant, they must grow into dominance. Beginning as a small minority they must grow more and more powerful when com-

pared with the ruling classes they are destined to replace. They may not be able to make any practical use of their growing strength as long as they remain overpowered. But nevertheless this strength is not merely psychic. It is concrete and real, for, when used to support the progressive as against the reactionary elements of the ruling class, it gives the victory to the former. It is a real power, but it cannot be used against the ruling class as a whole, until it becomes the dominant power. The Socialists at the present time, for example, can advance either progressive capitalism or State Socialism concretely, but they can only *prepare* advance of Socialism by increasing the numbers of its adherents and their capacity for effective action.

The second stage, then, is one in which we are moving toward Socialism but have not yet installed any part of it. We can tell whether we have reached this stage by the following test. We must ask ourselves whether, during any other given period, the Socialist classes have increased their income and opportunities more rapidly than the non-Socialist classes. If so, we have begun to move toward Socialism. If not, we are still moving—as far as concrete conditions are concerned—away from Socialism. But, even if we reach this negative conclusion, this does not necessarily mean that the *prospects* of Socialism are not improving. It means only that we have not yet reached the second stage, that the first stage has not yet been passed. We have been moving further and further away from Socialism in the United States, in a sense, ever since the large capitalists wrested the control of government from the small capitalists—soon after the Civil War—though the *prospects* of Socialism have been constantly improving. The moneyed aristocracy has notoriously been growing in numbers, wealth, and power, when compared with the farmers and small business men or

with the rest of the community. But now this *relative* increase of the rich has probably begun to slacken. And the day must very soon arrive when we will be moving away from "plutocracy" towards small capitalist democracy (which, under the conditions of to-day, means a partial collectivism). Similarly the increase of small capitalist incomes, of farm values, savings bank accounts, endowment insurance policies, etc., is no longer so disproportionately greater, when compared with the increase of salaries, fees, and wages of better paid employees, as it formerly was. While the small capitalists are still gaining on these newer classes, their gain is constantly growing less. If this tendency continues, the small capitalists will cease to gain relatively and these newer classes will begin to draw steadily nearer to supreme political and economic power. We shall then be advancing from State Capitalism to State Socialism.

But, when State Socialism is once achieved, this law of progress will alter fundamentally. The non-privileged workers, by the constant absorption of their upper layers in the ruling class will have no possibility of growing into a majority, but will be placed *permanently* in the minority.

The transition from State Socialism to Socialism, however, will be facilitated in two ways. The ruling classes under State Socialism will stand to lose much *less* by the change to Socialism than the present ruling classes would, if the change were made under present conditions, and the ruling classes will stand to lose much *more* from a continuation of the class struggle than they lose by it to-day. Besides, the increase of individual efficiency, by allowing the full development of all—at least as far as the means of society allow—instead of that of the ruling class alone, would approximately double the productivity of society. Against the change to Socialism, from the

ruling class standpoint, there will be only one serious argument, namely, that with equal opportunity competition will be approximately doubled for the more desirable positions in industry and society. Children will find their level according to their merit—without regard to parentage, except as parents are able, outside of school hours, to pass on to their children a part of such intellectual or moral superiorities as they may possess. The incomes of the former ruling classes (those of State Socialism) may also automatically be lowered for a short time because of increased competition. But they will soon rise again, owing to the forces above mentioned, to a higher point than before.

On the other hand, unless Socialist policies are introduced, the class struggle will become more burdensome year by year. For it will be progressively easier for discontented employees to inflict financial damage on the ruling classes. The increase of wages, shorter hours, etc., given to the laboring masses for the purpose of increasing their efficiency, will be used by them more and more frequently for the purpose of fighting their rulers. The greater intelligence of the workers, developed by State Socialism with the expectation that it will be used to increase the product rendered the ruling classes, will also be turned more and more effectively against those classes. Machinery will be more and more complicated, labor more and more interdependent, and industry will be correspondingly easier to obstruct. The ruling classes, then many millions strong, will be living closer to their incomes than the present plutocracy and every voter will feel the losses of every large strike, since nearly all such strikes will be against governmental industries—there being comparatively few others in existence.

The very basis of State Capitalism and State Socialism is the application of science to increase the efficiency of



labor, and this increased efficiency will immensely strengthen the laborers in their conflicts with the employing government. For against the effort to increase efficiency and output, which is the object of the ruling class, they can always reply by "withdrawing efficiency from the work." This is one of the several policies now becoming known as "sabotage," and the expression just quoted is a definition of "sabotage" by William E. Trautman, one of the founders of the Industrial Workers of the World. But this term, though it seems likely to last, is only confusing. "Sabotage" is also used, and with accuracy, to mean any kind of interference with the regular production. (See Louis Levine, *The Labor Movement in France*.) It may thus mean the destruction of machinery or personal attacks on strike-breakers or employers. But such methods, though they will occur in the future as they have in the past, are the product, not of the laboring masses, but of decaying trades and crafts which hope to establish Socialism by insurrection and general strike. They presuppose the continued rule of the present plutocracy, perhaps even a more reactionary one, and do not dream of the improved conditions of State Socialism. These craftsmen may admit the possibility of somewhat better material conditions—but only of such as can be secured by the labor struggle—and in no other way. They expect, even in this event, more oppression and less liberty. Their natural recourse is to an increase of violence and often in that extreme form called criminal by the statute books.

But many representatives of the laboring masses, including well-known I. W. W. members, either attach little importance to such extreme methods or positively oppose them. To withdraw "the efficiency from the work," that is, to do either slower or poorer work than one is capable of doing, is also a mere continuation and

systematization of a world-wide practice, which has long been a fixed policy of the unions of the aristocracy of labor. But its object in their hands was merely to enable the workers to take things easy, to increase the number employed, and so to strengthen the monopoly of skilled craftsmen. The laboring masses have now completely revolutionized the motive as well as the method. In order to influence employers the output can no longer be restricted on all occasions. The work must be good and fast when the employer does what labor wants, just as it must be poor and slow when he refuses to do what labor wants. The practice must be measured, intelligent, and with a conscious purpose. It is a pity, then, that there is for this practice not some middle expression between the old term, *ca canny*, which means unintermittent restriction of output, and the new term, sabotage, which often means almost any kind of attack on the employer or his business.

But what I want to emphasize at this point is that, in proportion as the scientific methods of increasing efficiency are applied in industry, one of the laborers' best and most natural weapons is the scientific development of methods of interfering with efficiency, which methods, it seems, are likely to be lumped together with entirely different and often contradictory practices under the common name of "sabotage."

Mr. and Mrs. Sydney Webb refer to "the 'sweating' methods which American employers are now calling 'scientific management' and the 'ca canny' of the workmen, developing into 'sabotage,' *by which these are met.*"<sup>1</sup> Here the conservative labor union authorities recognize the inevitable coupling of the labor efficiency movement with this new form of resistance. They do not recognize the movement of scientific management as inevitable. But, when it sweeps all before it, as it

must, then the Webbs will become apologists for the new method of warfare of the laboring masses. (I must note in passing that the Webbs are completely mistaken in one matter. The new employers' movement has nothing to do with sweating in the ordinary sense. Scientific management aims to wring more money from labor, but only by improving health, skill, and intelligence.)

Taylor, in his *Scientific Management*, speaks of the practice of "ca canny," from the older motives, as being well-nigh universal in this country. "Scientific soldiering is done by the men with the deliberate object of keeping their employers ignorant of how fast the work can be done. . . . So universal is soldiering for this purpose that hardly a competent workman can be found in a large establishment . . . who does not devote a considerable part of his time to studying just how slow he can work and still convince his employer that he is going at a good pace." <sup>2</sup>

Taylor mentions as general also the other, and it seems to me predominant, motive of the skilled for curtailing the output, namely, to make employment for more men—by making the supply of labor less than the demand and so increasing wages. Among the unskilled, in view of the wide (often world wide) sources of labor supply, this last object at least, has been entirely impracticable. On the other hand, effective strikes of the unskilled are often exceptionally difficult and costly and this is undoubtedly an additional motive for the *intermittent* practice of "ca canny" or "striking on the job."

It may safely be said that the tremendous opposition to what is called "sabotage," on the part of small capitalists and the aristocracy of labor alike, is really directed, not against the use of this typical method of "the aristocracy of labor," but against its use in a new and more effective manner—though far less continuous and less destruc-

tive than the old. For, as used by the skilled, the restriction of output raised prices and so in reality was aimed against industry and all society, while in its new intermittent form it can have little effect on prices and is exclusively aimed against employers—and their allies, the craft unions.

The present outcry against “sabotage” pretends to be directed against destructive sabotage, crime, violence, etc. But all such methods are much nearer to the older unions, as just mentioned, than to the unions of the laboring masses—as labor union history amply demonstrates. Both groups are now moving away from such tactics, but the democracy of labor is undoubtedly moving more rapidly than the aristocracy. This outcry on the part of the latter really means that the laboring masses are recognized as daring for the first time to act independently of the upper classes of labor, and that the efficacy of the new fighting methods is appreciated—an efficacy due in large part precisely to the fact that they are extremely aggressive while far less destructive or damaging to consumers than either the “ca canny” system or the strike.

These facts have been widely recognized even by conservative authorities. Professor Louis Brentano, for example, says that this peaceful form of “sabotage,” when separated from violence, is “a much more fearful weapon than the strike,” especially in view of the increasing complexity of industry. And how much more effective will it be under the far more complex industry of State Socialism! Already, as Brentano points out, even the omission of small duties by the workingmen may bring a whole establishment to a standstill, and this cannot be prevented. “Sabotage,” as Brentano calls the new weapon, “can be also employed with the most perfect morality and legality and with the most extreme damage to property. It consists simply in the systematic neglect

of the interest of the employer concerned." Here is a definition far broader than Trautman's. In modern industry untold damage may be inflicted on the employer (whether corporation or government) simply "by withdrawing good-will from the work." The modern industrial machine may be damaged by the very fact that the class struggle spirit survives strikes and continues while the men are at work. (Under State Socialism nearly all strikes will be a part of the class struggle. The aristocracy of labor will get its demands by political means—except when a new group is about to be admitted but is not yet admitted to the ruling class.) The most famous examples of this latter method of fighting are the so-called passive resistance strikes of railroad employees in Austria and elsewhere, when they simply obeyed literally, for a time, the enormously complicated rules and regulations.<sup>3</sup> Nor must it not be supposed that Professor Brentano really considers such methods as "fearful." They are fearful to employers, and may be met, according to Brentano, by sufficient concessions in improved wages, conditions, and social reforms—which he advocates on independent grounds.

Equally important with this weapon is the *intermittent mass strike*. By having no agreements with employers or employing governments, *any combination* of the hosts of labor may strike *at any time*. This method, being more "fearful" to employers than independent strikes of limited numbers at fixed times, is correspondingly more effective. Like the new military weapons, it causes less suffering than the old, but is more irresistible. Such strikes will be more unexpected, more extended, but less frequent than were the old.

We might call the new strike policy one of *provisional* working class agreements for all unskilled laborers, as against trade or industrial agreements, for limited groups



of workers, for fixed periods. As long as conditions on the whole satisfy the laboring masses that they are progressing as fast as practicable they may continue at work under the new form of agreement and do their best. Whenever, wherever, and in so far as, they are not so satisfied, they may either "strike on the job," or quit their work at the time when and the place where they can do the most damage to their opponents—which is the method pursued by all practical business men and statesmen.

The *minimum* demand will always be for a wage increase at least sufficient to keep up with the increased cost of living. When the demand for labor is great, another wage policy, the maximum policy, will be followed, of demanding an increase of wages sufficient to cut into profits. The latter policy, as I have shown, has little chance of success until we have State Socialism. But both mean at least an *attempt* at a class struggle and are valuable even to-day as preparing the laboring masses for successes under State Socialism.

This emphasis on economic action is in accord with the statement of Marx that "political power, properly so called, is merely the organized power of one class for oppressing another." This was meant to apply chiefly to capitalist society. Under State Socialism, or in proportion as this form of society is developed, political action also, now only of secondary importance to the laboring masses, will become more and more effective for their purposes. But the representatives of the organizations controlled by the aristocracy of labor often, in order to get the political support of the unskilled, take the opposite view, claiming that even to-day political action is more important than economic action both for themselves and the laboring masses.

The International Congress of London (in 1896) declared by a large majority that "the conquest of political

power is the means *par excellence* by which the workers can achieve their emancipation." It also excluded those Socialists who refused "to consider legislative and parliamentary action as *one* of the means necessary to attain this end." (My italics.) It therefore recognized definitely, as had all the best known Socialists (Marx, Engels, Liebknecht, Bebel, Kautsky, etc.), that there were other means, besides the political, of fighting for Socialism, thus practically conceding that the excluded members might be Socialists. But it went further than this. It admitted to the Congress "labor union organizations which, though they do not enter into militant politics, declare that they recognize the necessity of legislative and parliamentary action." Thus while many Socialist labor unionists were excluded many non-Socialist labor unionists were admitted, in fact nearly all of the latter, since few would altogether oppose political action. This was, of course, a definite abdication of the International Socialist Congress as a Socialist authority—since it might thenceforth be influenced or even controlled by non-Socialist Laborites. For the present, therefore, it is merely a Labor Congress, with Socialist traditions, and a powerful Socialist minority which expects to regain control—and will undoubtedly do so as soon as State Socialism is established.

There can be no doubt that the non-political Socialism thus excluded from Socialist Congresses (while anti-Socialists are admitted) has been recognized as a genuine form of Socialism from the beginning of the movement, and it is still officially declared to be genuine Socialism by the present French Party. Mehring refers to "non-political Socialism," though he considers it to be an early and transitional stage.<sup>4</sup> There can be no question that the International has deliberately excluded Socialists at the very time that it deliberately admitted non-Social-

ists whom it recognized to be non-Socialists. It is now an International *Political Labor* Movement, and nothing more nor less—though, as I have shown, this is doubtless only a temporary phase.

There now comes, however, the most important of all Socialist reasons why at the present time labor union action of the laboring masses—on class lines—is more important than political action. In the Socialist and Labor Parties are united, until the coming of State Socialism, both the aristocracy and the masses of labor, and the former, though a minority, is certain, during this period, to control these political organizations through its better political position. On the labor union field, on the contrary, the class struggle between employers and governments and the aristocracy of labor on the one hand, and the masses of labor on the other, is already beginning to outline itself. The laboring masses are doing all they can to make this class struggle a reality, and will come nearer and nearer to success as progressive capitalism develops and State Socialism draws near.

Thus the class struggle—in its final form—will begin on the economic field, but as the movement of the aristocracy of labor begins to control governments and to use them against the laboring masses—as has already happened sporadically in Australia—this struggle will begin to become political also. Even under State Socialism economic action will for some time remain the more important. But, in proportion as society is actually modified by State Socialism, political action will become the more effective.

For State Socialism will soon establish a sort of social democracy *within the ruling majority*. When it first comes into power it will find the upper classes arranged in a hierarchy. The social pyramid will already have been considerably flattened out (to borrow a figure of

William Allen White) by State Capitalism. But it will still be a pyramid. It will not take many years of State Socialist government, however, practically to level this hierarchy, at least as far as the children of the new generation are concerned, and thus to insure equality of economic opportunity *within* the ruling class. Incomes and influence will remain unequal within that class, but will vary chiefly according to merit, that is, there will be a strict contract between society and every individual of the ruling class, as well as equal mutual obligations. Society moreover will use every effort to increase competition for higher paid positions so as to be able to lower such salaries and also to divide the positions and their functions among as many capable persons as it can find and develop among the ruling classes.

I repeat this basic principle of ruling class organization under State Socialism at this point because of its revolutionary effect on the struggle of the lower class to be admitted into this society on equal terms. I have spoken of the policy by which the masses of wage-earners may be kept in a permanent minority. Now a minority is *politically* powerless, as long as the ruling majority is a hierarchy. Even if the rulers are divided only into two parts, the ruled will be forced always to ally itself with the lower or less privileged part. But as soon as the ruling classes are reduced to a common economic level and have only one privilege, a right to share on equal terms in the profits made from the labor of the minority or the ruled—or in proportion as this point is reached—the political situation is completely revolutionized. For, after State Socialism will have fully established itself, the divisions *within* the ruling class will no longer be upon class line—i. e., they will not be between different economic levels, since there will be only one level. The new conflicts of interest will follow the lines of occupation or of

geographical sections, for example, the producers of food vs. those interested in cheap food, either as consumers or exploiters of consumers, iron and steel vs. textile centres, the raisers of cotton vs. raisers of grain, etc. It is true that these divisions will be far less profound than those horizontal class divisions that preceded them, and it is also true that all these groups will unite against any rebellion on the part of the exploited minority. The minority, then, will not be able to take advantage of these divisions in order at once to emancipate themselves. But they will at last be able, by allying themselves, first with one faction of the majority, then with another, to secure ceaseless and numerous small advances in that direction.

Thus, for the first time in history, the ballot will be used to secure an advance of the lower half of the population towards equal opportunity. And both the ballot and this use of it will be secure, for the various ruling class factions will each want to use the masses for their purposes, and the slight advance the latter make on each occasion will not be enough to unite their political masters against them.

Only when State Socialism will have had its effect, however, in levelling the classes within the ruling majority, can political action result in bringing any *relative* advance whatever to the minority. In the meanwhile political action will remain extremely valuable to the laboring masses, it is true, but only for the purpose of hastening the development of State Socialism to the point just mentioned. The first political step towards Socialism can only be taken after State Socialism is in an advanced stage of development. Such steps may be made through labor union action as soon as State Socialism wins control of government and industry.



## CHAPTER XVII

### SOCIALISM

WHAT policies, then, are distinctively Socialist to-day? What are the policies in which the co-operation of progressives and Laborites is not to be expected? For the most representative Socialists are agreed that there can be no Socialism and no Socialist movement unless there is a concrete issue between the laboring masses and the governing classes. Bebel said: "It is not a question whether we are achieving this or that, but that we put forward claims which no other party can put forward." What, now, are these claims? Liebknecht wrote: "We shall almost never go right if we do what our enemies applaud." What is the policy that no ruling class will applaud, even if that ruling class should be the aristocracy of labor, a part of the working class itself?

I have touched on this question repeatedly, but, up to this point, chiefly in a negative way. I have shown that no measure, no policy and no administration brings Socialism concretely nearer unless it does more for the masses than it does for the classes, unless it makes the income or the opportunity of the rulers and the ruled more nearly equal. I have mentioned the fact that certain social reforms, if pushed far enough, may bring benefits that amount to the same thing as making income more equal. And I have pointed out that this is accomplished directly whenever wages are increased more rapidly than the rise in the productivity of the industrial

system. This is the only test. But how is it to be applied?

There has appeared recently in the American Party an interesting effort to find a distinctively Socialist policy which carries out this principle. Socialists of Brooklyn appointed a Committee on Public Action, the object of which was to find "a practical and continuous means of inter-election propaganda."

They proposed a petition (later to become a public referendum) on "The Lower Cost of Living and Minimum Wage." The interesting thing about the proposed measure is that it ties together and fuses these two causes—as had not been done before. The purpose of the measure is to establish:

(1) "The right of every adult to receive government employment, the applicant to have free choice among such employments as he or she by competitive test may best be fitted for.

(2) "A minimum daily wage for all government employees of \$3 or more, as well as a maximum workday of eight hours or less, under a system elastic enough to decrease the hours of work and increase the pay whenever found to be expedient.

(3) "Cost price of all necessities and comforts of life, grown, made or manufactured under community control, such cost price to include labor, material, wear and tear, and wages of superintendence. *No public work or government-made goods shall yield a private profit to anybody.*"

The last-named principle, if accompanied by a fixed, minimum wage for all industries (public and private), would, in proportion as it was applied to one industry after another, lead society directly into Socialism—provided it were carried far enough. The first increase of real wages for employees generally effected by thus low-

ering the cost of living—the legal minimum making it impossible for employers to make a corresponding reduction in wages—might bring wages only to the efficiency point, and so do as much for employers or the employer government as for wage-earners. Up to this point the policy is that of State Capitalism, or of State Socialism. But the moment this point is passed—through a continued lowering of the cost of living in nationalized and municipalized industries—real wages will be increased at the expense of profits, and each step we take along this road will be a step on the road to Socialism.

But the problem of the equalization of opportunity is by far the most important phase of the movement towards Socialism—especially during the State Socialist stage. For during this period any large *relative* increase of the wages of the laboring masses will have to be paid for by a corresponding reduction of higher wages and salaries—since other forms of ruling class income (rent, interest, and profits) will have become so much less important that to reduce them would provide only a very modest amount. Now Socialism does not require that wages and salaries should be brought to a single level, nor does it contemplate any artificial movement in that direction. Society cannot afford to offend its most valuable servants by arbitrary reductions or restrictions of salaries. But it can lower the higher salaries gradually and automatically by increasing the competition for higher positions, and it can use the money so saved for improving the wages of the laboring mass or instituting social reforms for their principal or exclusive benefit. So that equal educational opportunity, accompanied by a civil service that provides positions for a larger and larger proportion of citizens, is the very essence of real democracy—i. e., social or industrial democracy.

There can be no question that the founders of the

United States thought they were establishing a social democracy (cheap land giving everybody an equal opportunity)—as nearly every important declaration of Jefferson and Lincoln indicates. Emerson, among others, thought that equal opportunity had already been provided for by governmental action:

“New England undertook, for aught I know, *for the first time in history, the most radical of revolutions*—this, namely, that the poor man, whom the law does not allow to take an ear of corn when starving, nor a pair of shoes for his freezing feet, is allowed to put his hand into the pockets of the rich and say, You shall educate me, not as you will, but as I will; not alone in the elements, but by further provision, in the languages, in the sciences, in the useful arts, and in the elegant arts.”<sup>1</sup>

This idea of equal opportunity for the young was, indeed, New England's, and by 1850 that of all America—except the slave-owners. And it is the very essence and perfection of democracy. But only the first step was ever taken; the increasing inequality of wealth and of occupational opportunity, together with the growing importance and expense of technical training and of general education, has made that step more and more insufficient, and is making the educational opportunity of the upper and middle, as compared with the lower classes, more and more unequal year by year.

A large part of the world's Socialists are fully aware of this tendency of present society away from educational democracy. We read, for example, in a leading editorial in the world's greatest newspaper, the Berlin *Vorwaerts*, the following:

“The majority of the German teachers have long demanded the *unified* school. This means that the people's school shall not be, as to-day, a proletarian and pauper school, but a stage in the education of *all* pupils. The

higher educational institutions are to be organically connected with this common school for all, so that everyone that is capable can pass through the higher schools, without regard to his birth, his social position, or the property of his parents."

"The ruling reactionaries are only too well aware that giving the right of education to the capable children of the working classes means nothing less than a general breach in the economic and political privileges of our ruling classes."

If this right of higher education is given to *a sufficient number* of the people's children and the large majority of occupations are under the civil service, then, indeed, not only the present ruling classes, but every ruling class and every privilege, would disappear within the present generation. (See Chapters V and XIV.)

And with this "most radical of revolutions" in the distribution of education would come an equally radical change in its nature and quality, and so in the whole of our culture. For the masses would become the masters of their children's education. State Socialism, on the contrary, would "make the State the educator of the people," as Marx pointed out in 1875 (in his letter on the Gotha program). And he also noted that even the United States had already advanced beyond this point—through its local control of schools. The coming democratic revolution in the schools will be directed largely against that State Socialism which attempts to mould the children of the masses to suit the purpose of the governing class. The approaching revolution is already being outlined in Germany, as we may see in the official position taken by the German Party at Mannheim in 1906.

The Mannheim program demands, "in the interest of children as well as for the sake of society, that all their spiritual and bodily capacities should be developed to the



highest possible degree . . . until they come into the community as fully developed individuals with a full consciousness of their responsibility and occupy those positions which best correspond to their individuality."

"Hitherto Public Education has been always and everywhere a class education. While the ruling classes of each period have been able to monopolize a comparatively good education for themselves—not only a general education, but also the technical education necessary to production and to the state—they have always left the subjected classes either without any such education, or have allowed them only that modest measure of technical education which has been indispensable for the production of the period. . . .

"But the public school is not only a means for capitalist profits, it is also an instrument for class rule and for the furtherance of the political interests of capital. While a many-sided and well-endowed higher educational system makes it possible for the youth of the ruling classes to obtain a general education resting on a scientific basis, and thereby gives the ruling class superiority over the working class, the children of the working people are drilled in the public schools in an artificially fabricated, falsified view of nature, of human society, and of the development of civilization. . . .

"The proletariat is the bearer of a coördinated view of life (*Weltanschauung*), which, though it is a logical development out of the highest scientific and artistic ideals of our time, is in sharp opposition to the bourgeois view of life, and so to the bourgeois art and science of to-day, which have class character throughout. In view, then, of its historical mission, the proletariat cannot simply take over the bourgeois culture, it must rather re-value it all according to its own view of life. It is from such causes that even the best intended and most worthy of the efforts of bourgeois circles for the raising of the scientific and artistic level of popular education have

relatively small value. The social democracy can therefore take no part in such efforts."

The Socialists, as Rühle says, demand "equal educational opportunity" for all and regard anything else as class education. But this revolutionary reform will never be granted by any other than a socially and industrially democratic society. This fact was the very inspiration of the great educators, Rousseau, Pestalozzi, and Fichte. They insisted that education was the common property of society, precisely because they knew that the practical application of this principle would bring a complete democracy. Education was above all a means to democracy. On the other hand, "the class school is the spiritual *form* corresponding to the economic and social *class structure* (of present society). It (present society) cannot give the former up without destroying the latter." 2

The advent of the laboring masses to power will mean a free and equal public education for all children, equal educational and occupational opportunity for youth, and far less unequal incomes for adults. Class inequality of income will be entirely destroyed. Individual inequality of income will remain, but only in proportion to service performed—and this inequality even will constantly grow less.

State Socialism may begin its transition to Socialism in a third way—or, rather, there are three ways which may be followed at the same time. Instead of an increase of wages more than proportionate to the growing social product, or a more equal distribution of opportunities, there may be a *corresponding measure* of labor reforms.

I have pointed out that social reforms, *as now proposed*, without exception promise sometimes directly and immediately, at other times indirectly and ultimately, to increase the proportion of society's income and opportu-

nity that goes to the ruling class. But most of these reforms may be developed to a point where they will have the opposite effect. If one or two reforms only are so developed, while the rest are used as before, to improve the position of the governing class, the net result will be that society will continue in the same anti-democratic direction as previously. But if enough reforms are pushed to this point, or if one or more important reforms are developed far enough, the total effect on labor may be the same as an increase of wages more than proportionate to the increase of the industrial product.

I may illustrate the importance of the *rate of reform* as follows. Suppose that during a given period there were two important groups of labor reforms. Legislation for children, for example, might bring a benefit to labor valued at \$100,000,000 a year and a benefit to capital of \$200,000,000 a year. On the other hand the benefits paid in various forms of workingmen's insurance might be placed so high that the gain of labor would be worth \$400,000,000 a year, while the savings in increased efficiency to the employing class, or class-controlled government, might amount only to some \$200,000,000. Thus labor would lose \$100,000,000 *relatively* by the first reform and gain \$200,000,000 *relatively* by the second. The net relative gain of labor, \$100,000,000 a year, would evidently advance society towards Socialism at the same rate as a corresponding increase of real wages, a corresponding reduction of hours, or a corresponding increase of labor's relative opportunity.

It is a new thing in modern history radically to improve the position of the lower classes—whether small capitalists, skilled workers, or unskilled workers—through institutions created by legislation. For this reason none of these classes have yet had time to learn to discriminate quantitatively between reforms—i. e., they

have not even begun to *measure* their value, to say nothing of employing businesslike or scientific methods of measurement. Reforms are discussed as being good or bad, without regard to just how good or how bad they may be—in proportion as they are more or less developed. Yet nearly every reform now under discussion is at once either State Capitalistic, State Socialistic, or Socialistic, according to the degree to which it goes. For example, I have just shown that to send a few of the children of the masses through the higher schools at public expense merely strengthens the present system; to send a moderately large number would mean that the lower middle classes were being more than proportionately favored, that is, elevated; if we made the number still larger we should reach the aristocracy of labor, while only as we gave practically all children an equal chance for promotion would we reach the laboring masses. This is wholly a question of degree, of the *number* of children provided for in these schools by the state; in its external character the reform is the same throughout. And this will be equally true of nearly every social reform.

At the bottom Socialism calls for the abolition of *hereditary privilege*. At the bottom, then, it is identical with democracy, especially as it has been understood in America. In this country, under Jefferson and Lincoln, and during the whole pioneer period, we all believed in equal opportunity—at least for the young. The rich were tolerated only because they were so few, and because of the curious tradition that inherited wealth was nearly always squandered in the first generation—"three generations from shirt-sleeves to shirt-sleeves." The empire of free or cheap lands made it possible to hold the view that already we had practically abolished hereditary privilege—although we had not even confronted, to say nothing of solving, a single one of the

social problems of settled countries and of mature societies. But, if American democracy has been neither radical nor profound, it has believed in the fundamental demand of Socialism—that there shall be no hereditary privilege.

Now all inheritance may be abolished and hereditary privilege may remain; for parents may use capital accumulated in their lifetime to give their children advantages over other children. Private capital may even be abolished (or reduced to a minimum) and hereditary privilege may remain; for better-paid parents may use their incomes to give their children advantages over other children. Indeed, this is the point to which State Socialism brings us, and this is why it is State Socialism and not Socialism. The ruling-classes of that, as of previous, societies will use their control of the State to protect their privileges. And their chief privilege is not that they will receive higher incomes, for these they may wholly or largely earn, but that they will use their incomes to give their children advantages over other children. And so it will happen that these children will, in turn, receive by far the larger part of the higher incomes—a larger part than their merit would justify. The capacities they have acquired may deserve a high reward. But they had no right to the expensive training needed to acquire these capacities until an equal opportunity had been given to all children to compete. Free competition between individuals, like equal opportunity, and the abolition of hereditary privilege are basic to Socialism, as they were to the early democrats—only Socialism now offers the only way to put these principles into effect, and the non-Socialist “democrats” who continue to use such phrases and yet favor class rule, either by small capitalists or by some other fixed majority, can no longer be regarded as democrats.



Socialism does not mean that there will be no social groups—or classes, if we call all such groups by that name; it does mean the abolition of all group or class rule. Class rule implies that more or less fixed classes exist *one above the other* and classes of this fixed character can, must, and will be abolished. The social groups that remain will not be superimposed one above the other. There will be no class rule.

Roosevelt said in his Santiago speech:<sup>3</sup>

“We are not Socialists, for we do not believe in class consciousness. . . . But we do believe that the only way to prevent the growth of a party founded on class consciousness is to secure the triumph in the community of a party founded on the ideal of social consciousness.”

The Socialists could equally well say, “We *are* Socialists, for we do not believe in class-consciousness.” When Socialists say they believe in class-consciousness, they mean: “We believe that the governed should be conscious of the fact that they are governed by class-conscious rulers, who rule in their own interests and not in the interests of society.” It is this class-conscious, class-ruled society that Socialists aim to abolish.

The following three propositions may, perhaps, serve to sum up, as well as a few words can, the conclusions of this book:

A certain measure of progress is to be expected through the self-interest of the governing classes. This is the national, or industrial, efficiency movement.

Far greater progress is to be expected from the successive rise into power and prosperity of new elements of the middle-class—and of the upper layers of the wage-earners. This is the progressive and the Laborite movement.

By far the greatest progress is to be expected as a di-

rect or indirect result of the revolt of the lower classes. For this is the only force that can be relied upon to put an end to class government and class exploitation of industry and to establish that social democracy which is the real or professed aim of every progressive movement.

## APPENDIX

### A—WAS KARL MARX A STATE SOCIALIST?

DID Karl Marx believe that every strike, whether of the aristocracy of labor or of the laboring masses, whether charged up to employers or to workingmen-consumers, was a part of "the class-struggle" against the ruling-class? If he did believe this, his authority can be quoted to support the proposition, on which the International Socialist Congresses are now based (see Chapter XVI), that Socialist Parties should regard themselves merely as a part, and, if in a minority, a subordinate part, of the "Labor" Movement. Moreover, if this is the position of Marx, then doubtless it has been the position of the present International Socialist Movement from the first, since it has been thoroughly Marxian ever since its organization in 1889.

This problem will probably never be definitely answered. Texts are quoted pro and con, and only in one interview does Marx seem definitely to take the ground that the struggle of the conservative British trade unions (the aristocracy of labor) was part of "the class-struggle." But Kautsky and the International do, undoubtedly, take the position today that these unions are engaged in the class-struggle the moment they enter into politics, while the majority of Marxists have, beyond question, fallen into the habit of considering practically all strikes in this way. Moreover, there is no question that Marx endorsed the fallacy of *the solidarity of labor*, so that from the Marxian standpoint any un-Socialistic action of the aristocracy of labor can logically be regarded only as ignorant, stupid, and temporary—

an anachronism, a survival, a fact not to be explained even by the *economic* interpretation, but to be explained away.

Marx, however, was a Socialist. And as a Socialist he refused the title of Socialism to the Laborite program, i. e., to State Socialism. He did not allow his theories to interfere with his clear vision of the concrete steps to Socialism. In his Gotha letter he accused the newly formed German Socialist Party of treating the State "as an independent entity that possesses its own spiritual, moral, and free principles," whereas every State, he pointed out, was merely the product of the society on which it was based. And on this ground Marx assaulted a large part of the program of the new party, pointing out that the State could only pass such reforms as were to the interest of the ruling-class that controlled it—thus classing the whole State Socialist policy as non-Socialistic.

It is true that Marx provided a program in the Communist Manifesto that might seem to be State Socialistic. But it must be remembered that he explained later that one of its chief elements, "the application of all rents of land to public purposes," was *in itself* merely "a Socialistically fringed attempt to save the rule of capitalism and to establish it, in fact, on a still larger foundation than at present"—and this explanation would apply equally to its other elements (see Marx's letter to Sorge—written in 1881).

And in the Communist Manifesto itself Marx clearly stated that the basis of his program was the "political supremacy" of labor—the organization of the proletariat "as the ruling-class." Until this happens the whole collectivist program, according to Marx, must remain a program of capitalistic State Socialism (or State Capitalism).

Marx, however, did not realize the point to which capitalistic collectivism would go. He did not realize that practically *all* his program would be carried out by State Capitalism itself. He foresaw State Capitalism and its functions, but he did not allow it the scope or time necessary to fulfill these functions. So he said, in the Communist Manifesto, that it would be the proletariat that would "cen-

tralize all instruments of production in the hands of the State." In other words, he regarded State Capitalism merely as a program, or a tendency, which would never become a fact. For, almost as soon as this transformation began, labor would control the government.

But the transformation of society into State Capitalism has already begun—sometimes in places where Socialism is as yet insignificant. This gives the Laborites an opportunity to claim that, since "the centralization of the instruments of production in the hands of the State" *has* begun, Marxism teaches that it must be labor that is bringing this about, in other words that labor is already winning the political supremacy—if not through Socialist Parties, then through Labor Parties, or even through Labor Unions without any political organization.

Secondly, as he did not picture a victorious State Capitalism, Marx had no conception whatever of the following society—State Socialism—a society based upon a privileged *majority*, in which capitalists play only a subordinate part. It is therefore possible to be a perfectly good Marxist and at the same time to be a State Socialist. Indeed, if we consider the unclear position as to State Capitalism just described, and add to this the doctrine of the solidarity of labor, it is difficult to see how an orthodox Marxist to-day can be other than a State Socialist. Marx was not a State Socialist. But his doctrine of the solidarity of labor made in that direction, even when he was alive, for the aristocracy of labor have always held either that they were already part of the ruling class or expected that they would be—individually or as a class. While Marx was alive his criticism of State Capitalism prevented his doctrine of the labor solidarity from thus driving the Socialists into the hands of the aristocracy of labor. But now that State Capitalism is actually being established by the capitalists—against Marx's expectations—this criticism has become obsolete, and the doctrine of the solidarity of labor rules supreme without any counter force to check it.

Marx was not a State Socialist. But the annihilation of



one of his radical doctrines by events, and the survival of another conservative doctrine, which has not yet been wholly disproved by history, have brought us to the result to-day that every orthodox Marxist must be a Laborite, which, under present conditions, means a State Socialist.\* And, indeed, the fact that Marx himself was a Laborite could lead to no other conclusion.

But a movement that rests upon all labor and upon labor exclusively is merely a labor movement. Liebknecht understood this when he wrote: "We ought not to ask, 'Are you a wage-earner?' but 'Are you a Socialist?'" "By working-people," he said, "Socialists do not understand merely the manual workers," but "every one who does not live on the labor of another," i. e., all those who live "exclusively or principally by their own labor." "Besides the wage-earners" he would include classes which "tend more and more to drop to the level of the proletariat"—thus making the economic level and not occupation the test.

\* By orthodox Marxists I mean those who get their basic ideas and principles from Marx's writings—for there are probably millions of such persons. I do not refer to those personal followers who get their chief inspiration from Marx's life, character, or intellect. Marx's *teachings* were based on the economic conditions, the science, and the philosophy of the time when he wrote (1844-1881). Whatever was inspiring in his *life* is as inspiring as ever to-day. And the services he and his writings have rendered in the past are also permanent and can never be effaced. History can show no greater political and economic philosopher, and probably Marx's equal as revolutionist, democrat, and propagandist never lived. But the fact that he was a supreme genius, that his character was of the highest and purest, that he did as much as any man could do, as man ever did, to turn the whole course of history, does not in the least justify the orthodox Marxists who attempt to apply the ideas of 1850 or 1875 to the conditions of 1914—or, what is even worse, to the conditions of the future.

Probably if Marx were alive to-day—with his genius and character—he would make as valuable a leader of democracy and revolution as ever. He would no doubt reverse many of his old teachings as aiding only Laborism and State Socialism. But this is all speculation—no matter how certain we may feel about it. The orthodox Marxist has no choice. Marx is dead, and the only voice he has are his writings. The spirit of these is doubtless revolutionary and democratic—but the letter, under present conditions, is anti-revolutionary and anti-democratic.

It is difficult to see why (except for political purposes) the term "working-class," which in ordinary use and even in Socialist use is synonymous with wage-earners, should be retained as describing all the producing non-exploiting and exploited class upon which Socialism builds. Liebknecht at least is clear. Others than wage-earners are to be *included* as part of this proletariat. But, according to the very same facts to which he points and the reasoning that he uses, a part of the wage-earners also must be *excluded*—namely, those wage-earners who are not on the general proletarian "level" but above it and who live in large part (though scarcely ever principally) upon the labor of others.

We cannot suppose for one moment, moreover, that Marx either overlooked these facts or underrated the conservatism of the aristocracy of labor. Not only do many passages show that he fully understood this, but we have his motive for, nevertheless, subordinating this knowledge and including the aristocracy as destined to become part of the working-class and of the future Socialist movement. In his letter to the Communists in 1851 he wrote:

"The forces opposed to you have all the advantage of organization, discipline, and habitual authority; unless you bring *strong odds* against them you are defeated and ruined."

That is Marx, and the Socialists of his time could not see any possibility of reaching Socialism except through *a large majority*. (Later it was calculated by Kautsky that a Socialist victory would require 75%, and by Liebknecht that it would require that 95% of the nation be won for Socialism.) It either did not occur to Marx that the cheapest plan for the ruling-class to delay Socialism, and one that was certain to be adopted, would be for it to admit a *part* of the working-class to government, or, seeing no chance for Socialistic progress through a class (the laboring masses), that could never hope to become a majority, Marx did not dare to face that problem at all. Yet we now see that it is the central and basic problem of Socialism.

The modern Socialists do not deny the immense historic importance of Marx, they deny merely the present-day importance of his doctrines. We accuse Marx of having died in 1883, of having been born in 1818, and of having done his public work and writing from 1842 to 1882. And, in view of the rapid economic and political evolution of the last three or four decades, we are willing to rest our case with this indictment.

#### B—THE GERMAN SOCIAL-DEMOCRACY AS A “LABOR” PARTY

To understand the real principles of the German Socialist Party it is only necessary to understand its present acting policy. And for this purpose it is neither necessary to go deeply into Marxian theories nor to review German history before 1870. For the present *acting* program of the Party was made at Erfurt in 1891, and the Party itself was founded only in 1875—with the significant opposition of its leading theorist, Marx.

Of earlier German history we must note only that Prussia had long been a semi-absolute military bureaucracy, controlled by the landlord nobility, and that nearly all the German Governments had shown more or less resemblance to this type—the economic conditions being similar. One feature of such governments is despotic class-rule, in the narrowest sense of the term. But another feature, since the dawn of modern capitalism in the 18th century, has been the so-called policy of “benevolent” despotism, well exemplified by Frederick the Great. This paternalism gives scientific consideration to those aspects of the welfare of the people in which it is financially interested. Frederick was chiefly interested in having efficient soldiers and so looked after the soldiers’ health. His successors, Bismarck and William II, are equally interested in having efficient workmen, and so look after the workmen’s health.

This was the chief motive of Bismarck in favoring governmental insurance for workmen. The Socialists have

also claimed the credit for this legislation, pointing to arguments of Bismarck at the time, when he spoke of the "menace" of the Socialist movement. Bebel, for example, refers to this in his "Life."<sup>1</sup>

"Sonnemann reported [to a Socialist convention] on the foundation of the Old Age Pensions Funds under State control. But his proposals were rejected, especially on the grounds that State control would tend to make the workers unconsciously conservative with regard to the existing State, which was quite unworthy of confidence; a conviction shared by Bismarck, who declared later that small pensions for the worker were the best means of reconciling him with the existing order of the State—a conviction underlying his invalidity and old age insurance laws. . . ."

But this talk of a "menace" by Bismarck was only a statesman's bogey which he used for several of his purposes. The German movement at the time was insignificant and German conditions were utterly unlike what they had been in Berlin in the menacing insurrection of 1848, or in the Paris commune of 1871, when there had also been a real menace. But Bismarck had granted universal and equal suffrage for the Reichstag, and, if the wage-earners' party was insignificant, the small capitalist (Progressive), large capitalist (Liberal), and Catholic (Centre) parties were not. Moreover, certain individual moss-bound agrarian reactionaries, influential with the nobility and the court, had to be forced to reasonable concessions to capitalism in order to strengthen the government and their own class. Bismarck used the Socialist bogey as an excuse to frighten the timid Progressives away from any Socialist alliance by threats of terrible governmental reprisals. The Liberals and Conservatives he frightened by showing what fearful losses to property might result from any *real* concessions to the working-class, and he recommended these pseudo-concessions instead. Later statesmen and Liberal leaders have even tried to flatter the Socialists into conservatism—by claiming that these insurance laws were real "concessions" and that still more such concessions could be obtained by a

still more conciliatory Socialist policy. And, finally, Socialist politicians, seeking for the easiest way to get votes, have themselves encouraged this myth of Bismarck's "concessions to the menace of Socialism" for such a long time that they not only are beginning to believe it themselves but have converted the Socialist Party as a whole to this view—including some of its most honest and thoughtful members.

Yet these laws were obviously nothing more than an application of the old-time Prussian paternalism. It is true that they aimed to promote "loyalty" as well as efficiency. This had always been a motive in benevolent despotism, and was bound to continue a desire of the rulers, even if it has less promise of being realized under modern conditions. But to try to allay discontent is one thing, and to give way before a menace is another. Discontent is unprofitable even when it does not rise to the height of a menace. And it need not be denied that discontent would probably have been much worse than it is had Bismarck not enacted these laws.

The 18th century policy of benevolent despotism survived in Germany because of the weakness of modern capitalism before 1870, and the strength of militarism afterwards. The working-class, before 1870, was not only small but conservative—and in some slight measure anarchistic, for it consisted largely of artisans, who either expected to have a small business of their own, or were desperate revolutionists or Utopian dreamers, because their work was being made obsolete by modern industry. Moreover, the modern workingmen—machine operators, factory and railroad employees—in so far as they did exist, were chiefly the children of peasants, with the latter's subservience to monarchy, aristocracy, militarism, church, bureaucracy, and professors.

The middle classes were largely either mere traders or dependents on government, militarism, nobility and courts. Even the large capitalists were largely at the mercy of monarchs and the higher nobility—except when in close alliance with them.



Bismarck was quite safe in granting universal suffrage under these conditions—and he needed it in order to use the peasants and middle classes against the quarreling privileged classes of the various nations that composed the Empire. The peasants could be relied upon as being reasonably or moderately reactionary—i. e., where they were not wholly under the control of the local aristocracy. The middle class could equally be relied upon as very moderately progressive. Moreover, both of these classes would be enthusiastic about their new found political "power," in spite of the fact that it was effectively and completely checked by the monarch's control of the upper house, of the army, and of the bureaucracy (since there is no responsibility of ministers to the Reichstag)—to say nothing of his personal veto power. And, indeed, the expectations of Bismarck have been more than justified, for political enthusiasm over this "parliamentary bauble" has lately spread even to the working-class and the Socialists. Parliaments are not baubles—when they are parliaments. But the German Reichstag more nearly resembles a Russian Duma in its actual power than it does a Parliament—a condition, however, which will certainly be corrected in the near future, if a capitalistic revolution is required for the purpose, as Germany's phenomenal economic advance already demands a modern capitalistic government.

But during the two decades in which the German Socialist movement was crystallizing (1871-1891) it was by no means clear that the next stage in human progress was a small capitalist democracy (or even that landlordism must, still earlier, give way to plutocracy) or that this stage must intervene between the society of that time and any society that could have a remote resemblance to Socialism. Viewing the present change in Australia, America and elsewhere, a growing minority of the German Party, the revisionists (Laborites), now see this. But, passing into an extreme reaction against the former Party policy, they now conclude that the Party should practically give its entire attention, for an indefinite period, to accelerating the com-

ing of this democratic, progressive, and capitalistic state. They are rapidly winning the Party over to their point of view. They have had to content themselves with revolutionizing the tactics of the movement, however, without being able to revolutionize its thought. They have thus steadily widened the gulf between theory and practice ever since the Erfurt Congress in 1891. Having no new general principles they care publicly to propose (Laborism is more popular in the disguise of Socialism), and no message beyond the need of establishing a progressive small capitalist democracy, they have merely introduced a new element of confusion into Socialist political thought—which still remains, in a large measure, that of the decades 1871-1891. Let me show how this has come about.

The Gotha Congress of 1875, at which the present Party was formed, voted by a majority of 10 to 1 the following formula, which remained in the program until 1891: "The emancipation of labor must be the work of the laboring class, opposed to which all other classes form a single reactionary mass." This implied that no very great progress, certainly no revolutionary change, was to be expected short of Socialism. It became the chief subject of discussion in the party between the Gotha and the Erfurt Congresses, and was finally repealed at the later gathering. But this was done chiefly in recognition of the fact that the Socialists must take the side of the capitalists in the very important struggle between these and the landlords. It is only lately that any great importance has been attached by the majority of Socialists to the struggle between large and small capitalists, and even now there is no general recognition that a profound revolution is impending entirely within the limits of capitalism.

Two widely different causes blinded the German Socialists of 1871-1891 both to the possibility of overthrowing both the landlords and the large capitalists and to the vast advantages of establishing a small capitalist democracy. These two causes were both well expressed by Engels in a letter to Bebel written in 1875 in which he attacked the

theory that the capitalists formed "a single reactionary mass."<sup>2</sup>

"This principle," Engels wrote, "is true only in exceptional cases; for example, in a revolution of the proletariat, as in the Commune (the Paris Commune of 1871), or in a land where not only has the bourgeoisie shaped state and society according to its model, but where the democratic small capitalists also have come along afterwards and carried out this policy to its last consequences."

The Commune and revolutions of 1848 had shown that when the workers made a general attack on capital the two classes of capitalists would unite against them—and both Socialism and the workers' interests, the Germans thought, require such a general attack on capital. This conclusion is sound. But the attack may be successfully made, as Engels says, only after that political and social revolution by which a small capitalist, democratic, and semi-collectivist state and society replace the old.

The German conditions of 1875, 1891—and of 1914—were, and are, far behind those of the small capitalist democracy which was already taking shape in Switzerland in 1875, and has since reached its highest point in Australia, New Zealand and some of our western States. To the German workers even political democracy is so infinitely more desirable than present German conditions, and so infinitely difficult of attainment, that it seems almost like an ultimate goal, which would justify the most revolutionary efforts. Hence they can even now scarcely imagine that their enemies, the small employers, farmers, and taxpayers, will inevitably unite with them against their other enemies, the large capitalists and landlords, for the purpose of establishing the government they so ardently desire.

And even the revolution that *follows* this small capitalist one—as we begin to see in democratic countries—may result, not in the abolition of class-rule, but only in the abolition of small capitalism and in the inauguration of government by a bureaucratic caste. The probability of a first intervening stage of State Capitalism, though recognized

by leading Socialist thinkers, was ignored by the Socialist movement as a whole (as I have shown in reference to the Erfurt program of 1891). The probability that still another stage will intervene between us and Socialism, namely, State Socialism, was ignored even by the leading Socialist thinkers. Marx and Engels, it is true, criticised severely and accurately some of the leading features of State Socialism. But they not only confused it with State Capitalism but failed absolutely to indicate its more or less separate economic foundation—the aristocracy of manual and mental labor and of governmental employees.

This is why it was possible for La Salle—who, in contrast with Marx and Engels, completely confused Socialism and State Socialism—to be a demi-God of a large faction of the movement throughout its earlier stages, and to maintain his prestige as a Socialist almost undiminished until to-day. It was inevitable that some popular leader should play off the “paternalistic” tradition of Prussia against those exceptional and extreme individualists among the capitalists—very noisy but without real influence—who argued that capitalism itself, without any “benevolent” legislation, would bring the greatest good to the greatest number. But it showed the extremely backward condition of Germany that such a man as La Salle—because, along with his State Socialism, he shared certain Socialist principles and ideals—should actually have been the first great leader of the German Socialists.

Bernstein admits that La Salle used “the language of Cæsarism,” and quotes a passage to prove it.<sup>3</sup> Bernstein concludes, moreover, that La Salle’s policy, “if literally carried out, meant misleading the masses.” If we recall the despotic form La Salle gave to the German Workingmen’s Association, his despotic control over it, his conferences with Bismarck, and other indications of a more or less friendly relationship, we can see that Bernstein had some justification for this remark.

Bebel in his *Life* attacks “the cult of La Salle,” and refers to “the weakness of La Salle’s proposals,” while the



letters of Marx, though at first friendly, show later an extreme suspicion.

While Marx, Engels and Bebel attacked every State, La Salle idealized the State more perhaps than any other State Socialist that ever lived. To La Salle the State is "the unity of individuals in an ethical whole," the function of which is "to fashion human destiny." The State is to become "the institution in which the whole virtue of mankind shall realize itself." It is "the immemorial vestal fire of all civilization." It "exists for," "has always served," and "must serve . . . human progress."<sup>4</sup> The effect of this sort of reasoning is always to attach extreme importance to everything the government is doing, especially when it is progressive, and to give very little importance to popular oppositional movements which have as yet no real power to mould the State to their own purposes, but can only aid the progressive wing of the ruling-class.

Most of the conditions I have mentioned up to the present point have been purely German. None of them apply to the more or less democratic nations of to-day. It is these purely German conditions, as leading German Socialists admit, that have chiefly shaped German Socialist policy. Yet the German Socialists, being the first and most powerful of Socialist parties, have dominated international Socialist Congresses and Socialist political philosophy—with conclusions based almost wholly on these extremely backward political conditions of their own country. The Socialism that was sound and inevitable in Germany becomes absurd when applied to the United States.

Liebknicht was one of those who recognized that the Germans should be in the position of learners rather than teachers.<sup>5</sup> "The German proletariat had the advantage of being able to draw practical lessons from the labor movement in countries which were [and are] ahead of Germany in political and economic development." This statement is scarcely less true to-day than when it was published (1900).

Liebknicht points out to the German working class that, "besides performing its own class mission, it must do what



in normally developed lands was long ago done by the bourgeoisie."

"The political impotence of the German bourgeoisie in past and present is what distinguishes the political life of Germany from that of the other advanced countries, and has assigned to the German proletariat the mission not only of solving its own strictly proletarian problem, but also of accomplishing the work left undone by our bourgeoisie." <sup>6</sup>

Liebkecht shows historically how profoundly German the problems of the German Socialists have been, and every Congress of the German Party proves that this is truer than ever to-day. Indeed, the German problem is so special, and the German need for the first rudiments of democratic government is so pressing, that Liebkecht's question, "whether we shall remain a Socialist party or whether we shall bridge over the Rubicon of the class struggle and become the left wing of the bourgeois democracy," is being more frequently asked to-day than when he first proposed it—ironically—in 1900.<sup>7</sup>

Yet Liebkecht himself was largely responsible for the policy that has led the Party recently not only to become a part of the bourgeois democracy, but even to compromise its struggle in this limited sphere. For he is largely responsible for the dogmatic and extreme separation of theory and tactics which has marked the German movement and has sterilized its thought, on the one hand, and hampered its practical activities, on the other. That principle which is not available for practice is not only useless but harmful. And practice which is not guided by principle, it is clear, is guided by other motives.

Liebkecht, for example, in explaining why he advocated the Gotha program, which was so bitterly attacked by Marx, acknowledged that what Marx said against the plan was "theoretically correct to the last letter," but claimed that "theory and practice are two entirely different things." Now it is better far to have no conscious principles than

deliberately to put them on the shelf every time there is a crisis and the practical need for them is greatest.

The Gotha Congress of 1875 struck out a proposed demand for a governmental guarantee against unemployment because it "could not be carried through"—a demand, by the way, unanimously declared as immediately practicable by the 1913 Congress.<sup>8</sup> The demands decided upon were placed on the program because they were regarded as "highly practical and in great part accomplished in other lands." Yet Liebknecht pointed out that the Gotha Congress was aware that some of its demands would "not be realized under the present state."

Liebknecht and the Gotha Congress, then, excluded some demands because they thought they were not to be realized under the present State and included others for the same reason. But the main idea, still further developed at Erfurt, was to include *only* such demands as were likely to be granted by "bourgeois-democrats." And the Congress of 1905 (at Breslau) took the definite stand that the Socialist platform should contain *no demands whatever that are distinctively Socialistic*. This Congress voted down a report on the agricultural question on the definite ground that it recommended such demands, and "proposed to the capitalistic State tasks which can only be carried out by a State in which the proletariat has gained the political power."

German conditions, then, led the party to two policies. (1) merely democratic reforms were placed upon the program as "demands" and so came to be regarded as Socialistic, and (2) many of these democratic reforms were so badly needed, and yet were still so far from attainment, that the practical work of the party, aside from mere education, was devoted *exclusively* to their promotion.

Only one step remained after the Erfurt Congress to make the Party—in its practical activities—*completely* bourgeois-democratic. It still failed to adopt, for many years, some of the reforms that bourgeois-democrats have most at heart. The cost-of-living question, for example, was formerly

considered as quite subordinate to the wages problem. The Congress of 1876 declared:

"The Socialists of Germany are not interested in the fight between Free Trade and Protection which has arisen within the ranks of the propertied classes. The question is merely one of expediency, to be decided in each instance upon its merits."

And now, as I shall show later, this question has become the central point of all Socialist activities. The only "bourgeois-democratic" reform still neglected, apparently, is government ownership. The Socialists of Germany have never shown, and do not now show, much enthusiasm for this type of reform. They agree with Bebel that governmentally operated industries "are exploited by the state according to the same capitalistic principles as if they were privately owned."<sup>9</sup> And, according to Bebel's Memoirs:

"The Congress of 1876 declared in favor of nationalization but against acquisition by the Empire, because such acquisition would serve only the interests of the aristocratic and militarist State; the revenue would be wasted on unproductive expenditure whereby the Empire would acquire further power—a power hostile to democracy . . .

"The railways, in the opinion of the Congress, should become the property of the various Federal States, not of the Empire."<sup>10</sup>

And as late as 1895 (at Breslau) the principle of the Congress of 1876 was again re-affirmed. For another of the reasons given against the agricultural project already mentioned was that it "gave new means to the exploiters' government and so made the class struggle of the proletariat more difficult."

This principle would forbid every grant of money to bourgeois-democratic governments.

But this question has now resolved itself into others. And the Socialist Reichstag members, through Hoch, have declared that they would favor government ownership with

certain guarantees as to wages and prices, provided the profits were expended either to reduce the cost of living by decreasing direct taxes, or for social reforms.

The Socialists, then, are ready to-day to support government ownership also—under guarantees entirely in the spirit of bourgeois democracy. So they have finally adopted the whole program of the progressive small capitalists.

The very first year when the enfranchisement of the working class became a reality—with the repeal of Bismarck's anti-Socialist laws, which for ten years had made both political and labor union organization impracticable, and so had blocked all progressive advance, even of the bourgeois-democratic variety—the proposal came, from von Vollmar and others, that the Party should concentrate its attention on lowering the tariffs on necessities, on labor legislation and on protecting the rights of labor unions—a policy that has conquered the Party absolutely since the Reichstag elections of 1912. In 1891, and until 1913, von Vollmar was outwardly voted down by the Socialist Congresses. But his idea had really won when the Erfurt program excluded all except purely bourgeois-democratic demands, and again in 1892, when the Party resolved that the "so-called State Socialism, in so far as it concerns itself with bettering the condition of the working people, is a system of half-reforms, whose origin is in the fear of Social-Democracy." For, if the Socialists have the power to drive the capitalists by fear, to half-reforms which the latter would not grant without compulsion, why not secure all the reforms desired, by the same method?

But now began the last and the present stage of this evolution. If the capitalist progressives voted for these reforms as well as the Socialists, why could not the capitalist progressives claim equal credit for them? Had not the Party explicitly stated that these reforms were mostly, if not wholly, bourgeois-democratic? The Erfurt program (1891) was supposed to answer this question.

The Erfurt program was divided into two parts, a preamble which dealt wholly with "the final goal of the pro-

letarian class movement" as it arose "out of the historical development of modern bourgeois society," and the program itself, which sought "to mark out the practical paths of the Party on the basis of this society."<sup>11</sup> Thus every thing that is practical was regarded as being purely bourgeois, while Socialism had to rest content with mere theory, and "the final goal"—the very opposite principle to that of Marx, who (in the program of the Communist Manifesto) had concerned himself exclusively with *transitional* measures which were in themselves neither "immediate" nor "ultimate," neither wholly bourgeois nor wholly Socialistic. These measures, he understood and stated, had Socialistic value only as the proletariat secured control over government. The Erfurt program *purposely* excluded all reference to such measures, for example, government ownership of land, precisely because, if they are to be Socialistic, they must assume at least a partial proletarian control of government, and confined itself solely to reforms that assumed a purely capitalistic control.

The Erfurt program, which still holds, left the Party, therefore, without any policy distinctively Socialistic or even transitional. The partisan politics of the denial of the existence of any middle ground is obvious. But how, then, was the question to be answered: What is Socialism *practically*? Evidently most people would turn to the practical part of the program for their answer, and forget that it was avowedly and purposely composed wholly of purely bourgeois-democratic reforms. And now the partisans of the State Socialist or State Capitalist policy, taking advantage of this fact, have persuaded the Party itself that these measures contain the whole of practical Socialism, the rest being a declaration of mere theory and of an ultimate goal without influence on the present. Nor has the progress away from principle stopped here, for now, as I shall proceed to show, even some of these "bourgeois-democratic" reforms are being treated as mere "ideals."

Recognizing the importance of bourgeois democracy for Socialist purposes, and seeing the weakness of the bourgeois



democrats in Germany, the German Socialists decided they would have to do their work for them. They did not see that the weakness of the German bourgeois democrats or progressives, which came from historical economic causes peculiar to Germany, *would disappear with these causes*. Many middle-class social groups that vote with the progressives in other countries, moreover, in Germany, had despaired of their own class, and gone over to the Socialists—but naturally only in so far as the Socialists had become bourgeois democrats. This easy method of political growth has now so increased the prestige and momentary power of the Party that it will probably abandon it only when forced to do so, that is, when these elements leave the Party.

Yet what is usually called "State Socialism" (I have called it State Capitalism), that is, the typical modern form of bourgeois democracy, began first of all in Germany. It was not recognized by the Socialists, however, as being the next great social movement, and Mehring says it consisted merely of a few isolated individuals with "no common principles." The same might be said, of course, of the early beginnings of Socialism or of any great historic movement. The greater use of the State under Capitalism was naturally viewed by the Socialists—in the light of German history—as marking the landlords' and large capitalists' policy—rather than that of the small capitalists. Liebknecht regarded it, for example, as merely an alternative form of capitalism, rather than a future transitional stage of small capitalist democracy. "State Capitalism," he wrote, "is the worst form of capitalism, since it concentrates the economic and political power in the same hands, and can exercise the power of exploitation and oppression more severely and intensely than can private capital."<sup>12</sup> Thus State Capitalism appeared as a *reaction*. The truth is that Liebknecht, like the German Socialists generally, did not expect any bourgeois democratic society between the present régime and Socialism. He regarded the small farmers and shopkeepers as a class that must become thoroughly oppositional and progressive—but only as a part of

the Socialist Party. What he expected has already happened in some measure, but it means, not that these people have become Socialists, but that the Party has, in some measure, become a bourgeois-democratic or State Capitalist party. Similarly Kautsky says that the Socialists are the only anti-capitalist Party. This is true for Germany, but it does not mean, as it might seem to mean, that all the non-capitalists who vote for the Party—professional men, clerks, officials, labor aristocrats—have become Socialists, but that the Socialist Party has in large measure taken their position and is opposing capitalism for the benefit of State Socialism or State Capitalism.

Indeed this changing composition of the Party membership is the only real, concrete, economic explanation of the revolution in Party policy that is taking place. For how could there be a more complete revolution in the very nature of the movement than to take issues that formerly were totally excluded and to make them the centre of all Party effort? The question of the consumer, the cost of living question, was formerly excluded as being one that appealed to all the population except the very wealthy—and therefore did not draw class lines. That is, the demand for a lower cost of living was rightly regarded *in itself* (i. e., unless it was accompanied by the fixing of wages, and then carried to a point so as to cut into profits) as being, not a Socialist issue, nor even a radical issue, but merely an anti-reactionary one, to which the mildest progressives, and even conservatives, could give their support. I have shown that a lower cost of living is not only an object but an indispensable object of State Capitalism and State Socialism.

Yet the whole German Socialist movement now rests chiefly on this issue and on the demand for labor-reforms—which are simply another method of lowering the cost of living to the laborer. Kautsky has even found a new basis for Socialist economics: "The consumers' interest is fundamentally that of the working class. The producers' interest is the interest of the capitalist class." This advocacy of the consumers' interest will be recognized as the basic principle

also of the British Liberals and of Bryan Democrats in this country. The last report of the Executive Committee of the German Party begins with a statement about the leading issue, the increased cost of living, attributes it chiefly to high tariffs, and denounces the agricultural interests as largely responsible. Yet this cost of living has risen at almost the identical rate in Great Britain, where there are no high tariffs, and in America, where there is no legislation whatever bearing on the high cost of living that can be attributed to the agricultural interests.

Formerly the Socialists considered the high cost of living only in connection with wages. And, obviously, if there is to be any "class struggle" between employers and employees, it must be over the wage question. The cost of living must be regarded as a part of this issue. Money wages must increase faster than the cost of living—if there is to be any improvement in *real* wages. To accomplish this improvement there must be some general limit and check to the rising cost of living. But in proportion as the latter is made the *main* issue the workers seek relief in that direction. And thus the German Socialists themselves are doing *the utmost that possibly could be done to distract the laborers' attention from the wage question and to prevent the development of a "class struggle" against employers.*

How, now, can we account for the fact that a Party, the majority of the members of which are wage-earners, no longer centers its attention on the improvement of wages? There is only one answer. A part of these wage-earners, the part which holds the balance of power in the Party—between the masses of workers and the Party's middle-class members, has become conservative. As in all other countries, this "aristocracy of labor" in Germany has certain agreements with employers (in Germany lasting usually 3 years) which it considers more or less satisfactory and hopes to improve only by a very conciliatory policy. The cost of strikes often exceeds the relatively small gains made by this means. Bound by these long contracts the only hope the skilled workers have of improving their condi-

tion in the meanwhile, is to lower the cost of living. Moreover there are more than a thousand separate long-term labor contracts in Germany making many great co-ordinated strike movements impossible. And, finally, while the German workers are better organized than in any other large country, Germany also has more "yellow" organizations, which we might call anti-unions, while railway unions and many others are forbidden by the government. Thus the union position is, on the whole, far weaker in Germany than in France, England, or the United States—though not through any fault of the German workers.

Now the German unions—dominated by the older, richer and more conservative—have come into full control of the Party—though they embrace only a fraction of the German wage-earners. And they have filled the Party with their feeling of weakness. This had to be, *in Germany*, for the weakness of the unions means the weakness of the Party—in spite of the apparent strength lent to it by large numbers. But for such a movement to be held up any longer as a model to the workers of other and more advanced countries, and for it to continue to dominate the International movement, is an anachronism. It is true this aristocracy of labor everywhere controls both unions and Party, and everywhere stands chiefly for State Socialism. But at least it is, in some countries, uncompromising in its bourgeois radicalism, in its fight against nationalism (militarism) and in its struggle for political democracy—which can no longer be said of the German Party. (See Appendix C.)

The present situation is reflected in the remarks of Germany's largest newspaper, the *Berliner Tageblatt*, on the occasion of the death of Bebel: "The leaders of the unions threw their whole power and influence on the side of the revisionists" and the result was that Bebel, who had fought his whole lifetime against the revisionists, had finally "united himself with this new power."

So we find in the electoral appeal of the Socialists—on which they sought election in 1912, and obtained 110 seats

in the present Reichstag, no reference whatever to the wage question. The issues now are:

- (1) The demand for legal rights for the unions.
- (2) Opposition to increased military expenditures.
- (3) Opposition to increased taxes and the rising cost of living.
- (4) The demand for political democracy.

All these are policies that would be endorsed by all non-Socialist democrats in advanced countries.

But since this election of 1912 the German Socialists, under the leadership of the aristocracy of labor, have even deserted a part of this "bourgeois-democratic" program and have taken a position that leaves them much less radical than many non-Socialist democratic groups in other countries—as I shall now show.

#### C—THE GERMAN SOCIAL-DEMOCRACY AS A PROGRESSIVE PARTY

Every few years the German Social-Democracy holds a Congress that re-shapes German politics and moulds the whole International Socialist Movement. Such a Congress was that at Dresden in 1903, which decided—both for South Germany and, ultimately, for all Europe—that Socialists could not become Ministers under coalition governments, unless temporarily and in very exceptional crises. Again at Jena (1905) the General Strike was endorsed as a possible means of political warfare. At Magdeburg (1910) the principle was strongly reaffirmed that Socialists cannot afford to vote for the budget of a non-Socialist government. But more important than all these was the Congress of September, 1913, which practically reversed the Magdeburg decision and exonerated the majority of the Reichstag members who had not only voted the government money, but had voted it for the specific purposes of "the most monstrous military bill that a government ever dared to offer a country"—to use the expression of Herman Wendel, one of the Socialists who voted for the bill;



This action marks a revolution in Socialist tactics, typical of what is now going on in every single country where Socialist parties have become a factor in practical politics. Whether this revolution will leave anything in the actual practice of these parties of what has hitherto been known as Socialism is a problem of secondary interest to the non-Socialist public and would lead us far afield. And, besides, it has become a matter of common knowledge, in recent years, that all the *practical* measures advocated by the Socialist program are also shared by radicals and progressives, and this has generally been admitted by the Socialists of every school—for example, by Kautsky and Hillquit.

The most interesting problem now is, not whether the Socialist parties are in practice radical (progressive), but what is the quality of their radicalism (or progressivism)? Many who are not Socialists believe that the Socialists are the most thorough-going, effective, powerful, reliable and uncompromising of all the forces making for radical and democratic reform. Nor can it be doubted in countries like Germany, where Socialism is oldest and most powerful, that it is more or less superior to other *German* parties from this standpoint.

The new problem brought up by the historic Congress of 1913 is this: *In what ways and to what degree do the Socialists serve the cause of radical reform better than the progressive and radical parties, and in what ways are they to be put on the same level—as far as such reform is concerned.*

The Social-Democratic Party of Germany has a world-wide and well-deserved reputation in democratic and republican countries for the progressive stand it has taken on certain matters which we know have no inseparable connection with Socialism. Among these are its opposition to—

- (1) Clericalism
- (2) Landlordism
- (3) Plutocracy
- (4) Militarism (Imperialism)
- (5) Monarchism (Absolutism)
- (6) Bureaucracy

As to all these matters, which take up most of the attention of the Party, perhaps 90 per cent of the people of America, including all progressives, are cordially with the German Socialists.

But, now, what do we find since the recent revolution in Socialist policy? We find the Party as effective and united as ever as to some of these questions, but hopelessly ineffective and divided as to others. The campaign against clericalism, landlordism, and plutocracy (represented by the Centre, the Conservative and the Liberal Parties, respectively) is stronger than ever. On the other hand, the campaign against monarchy, bureaucracy and militarism has been thoroughly compromised.

Does this mean that radical and democratic reformers will have to turn from the Socialists to the "Progressive Party"? By no means. For the Progressives are only strong where the Socialists are strong, and are even weaker than the Socialists where the latter are weak. But what is the outcome, then? One that will seem strange indeed to those who have not followed the extraordinary changes in the German Party, but indisputable when it is once explained. The chief hope for the establishment of a democratic constitution in Germany—such as that of Australia or of several conservative agricultural States of our West, and having therefore no special connection with radical Socialism—now lies in the "radical" wing of the German Socialist Party.

Here the non-Socialist reader will have to dismiss an old and deep prejudice against the "radical" Socialists because they were at one time called "revolutionists." In reality their practical activities—republicanism, democracy and anti-militarism—are merely radical, and they themselves, as well as the German press generally, reject the appellation revolutionary. Because of this prejudice, however, the non-Socialist foreigner has been taught to rejoice at every defeat of this left wing and every victory of the opportunist wing of the Socialist Party. This was an error from the first. For we ought to prefer to see a man or a party true to his

(or its) principles, even if they are wrong. The Party may easily change its theories, it cannot so easily change the habit of compromise, of yielding the larger to the smaller expediency, to use one of John Morley's definitions. Since the recent Congress the fact that this prejudice against the radicals was an error should be clear to all. For the German Socialist Party, which began by compromising its Socialism, has now compromised its democracy.

The chief hope for democracy in Germany now lies in the "radical" wing of the German Party, to use their own expression. And no democrat, after he has learned the facts, can fail to regret that for the first time the radicals have been reduced to a minority. Moreover, they have no prospects whatever of regaining control until a new turn in German politics, for they were voted down by a vote of nearly three to one in the recent Congress and were practically excluded from the Executive Committee, though they still dominate the chief industrial districts of the country, Saxony and the far West, and are very strong in Berlin. At present they can neither become a majority nor leave the Party, for the reason that the issues which hold the Party together (and also bind it to the Progressives) are capable of immediate solution, that is, are of immediate importance, while the issues that separate them are not. Clericalism, landlordism and plutocracy have already been brought to a standstill by the Socialist and Progressive policy in the last Reichstag, and even now cannot be said any longer to control the government; they may be definitely defeated at the next election. Absolutism and militarism cannot be successfully attacked now; they may be successfully attacked after these other enemies have been defeated. For, though the timid opposition of the Progressives and of the new Socialist majority can scarcely lead to the establishment of a real democracy, it may lead to important steps in that direction. The very partial character of this victory will further embitter the radical Socialists, making them still more radical, and will at the same time largely satisfy the moderates and make them still more

conservative. Already 30 Socialist members of the 110 in the present Reichstag are avowedly ready to compromise with monarchy, and a similar number favor voting for the budgets of non-Socialist governments, while some even are ready for participation in non-Socialist governments—an opportunity the Socialists were offered this year both in Denmark and Holland, and one which the moderate Socialists, who control in Belgium, Bavaria, and elsewhere will not long refuse. Then and then only can there be that split of the Social-Democracy and that realignment that will give us an uncompromisingly democratic party—formed out of the left wing of the Social-Democracy.

The evolution of opportunism in the German Party and its growing similarity to other non-Socialist political organizations have been described as a progress towards common sense and even towards public morality. Orth refers to the Party, typically, as to a group of school boys. "Gingerly they dipped their fingers in the pottage of reality." Such phrase-making explains nothing of this great historic phenomenon. The change taking place is due rather to such factors as these: First, that the Party is ever incorporating new social classes. Formerly dominated by common workmen, the entrance of the clerks and the minor professional class has now thrown the balance of power into the hands of the aristocracy of labor. Next, becoming more powerful politically, the Party has become subject to greater *external* pressure from progressive but non-Socialist groups. And, finally, the Socialist voters, who outnumber the male party members 4 to 1, have begun to exert a greater *internal* pressure than the latter on Party policy.

The control of the German Party has this year passed from its million members to its four million voters. If the Party were governed directly and by referendum, this transformation might not have taken place, but the party bureaucracy has accomplished it. First, the compromisers obtained control of the Reichstag group by a vote of 52 to 37, with seven not voting and sixteen absent, the thirty-seven who opposed compromise representing chiefly

those members who could expect to be returned at the next election if no compromise were made (a number reckoned by one of the compromisers, Fischer of Berlin, as forty on the outside). For militarism is popular in Germany, especially among the clerks, professional classes, and small shopkeepers. Not only do these form a larger proportion of the four million Socialist voters than they do of the million Party members, but in a majority of the constituencies they, and not the aristocracy of labor (as within the Party), hold the balance of power. The Party bureaucracy, aided by Bebel's known conservative position, and by the Party press, having thus gained control of the Socialist group in the Reichstag, then secured a vote of nearly three to one in the Party Congress and a practically unhampered control of the Executive Committee.

For twenty years the German Party has offered us, as an unfailing practical test of Socialism, its vote against the budget, the grant of supplies, or appropriation bill, the control of which has been recognized throughout history as the one great source, or even the *sole* source, of the power of parliaments. For twenty years Bebel and Kautsky, and an overwhelming majority, proclaimed this control of the purse strings to be the only possible hope for Socialist victory. At nearly every Congress the minority presented some pretext for making an exception, and for supporting anti-Socialist administrations in return for some immediate concession. They were answered that to give up the policy of financial opposition would be to abolish every real and practical distinction between Socialist and non-Socialist parties, and to leave Socialism as nothing but Liberalism with the addition of a few phrases.

The steady refusal to vote for the budget or to grant supplies, we were told, is the sole hope of effective opposition. But the Socialists have also taken great pride in their public spirit and practical work for certain other causes that they usually admit have no fundamental or necessary connection with Socialism. The chief of these is anti-militarism. It is true that there are more non-



Socialists than Socialists at work for this cause. But the growth of the Socialist movement has brought about the hope, alike among friends and foes, that it might take the lead in the agitation. In England the Socialists promised they would start a general strike in the transportation of military supplies in case of war. The Germans answered that the English Socialists have neither the organization to do this nor the support of the workers, that to strike in war-time in Germany at least, and probably in England also, would mean a wholesale butchery of strikers and a tremendous set-back to the movement. They proposed a better method instead—the method they have hitherto followed—the refusal of money for military supplies. And they expressed on a thousand occasions the greatest distrust of the English workers because their Labor Party votes the government money for military objects.

But, in 1913, both the basic policy and the chief practical work of the Party were thoroughly compromised. On the ground of avoiding a threatened increase of indirect taxes and securing steeply graduated taxes against the rich, the Socialist members of the Reichstag (the minority bound by a secret party caucus) unanimously voted the government money for a vast increase in military expenditure.

That the fight against militarism as well as the still more important struggle for a democratic constitution has been more or less compromised cannot be questioned. But in order to weigh accurately the merits and demerits of the Socialists as progressives we must examine the arguments and defenses of the compromisers.

The ground was prepared at a Peace Conference of a delegation of Socialists from the French and German Parliaments held in Switzerland on March 1st, 1913. This conference declared:

"If, in spite of our determined resistance, new military expenditures are put upon the two peoples, the Social Democracy of the two countries will use every effort to see that the new financial burdens are shifted onto the shoulders of the wealthy and well-to-do."

This very plausible resolution, though signed only by a small group, without any official power to bind either party, and without any of the official discussion by the German Party, was afterwards made the basis of the official explanation given by its Reichstag members of the reason why they had voted the government increased military supplies. It was a master stroke of diplomacy. For, after such a public declaration of the new policy as that made in Switzerland, it could not be withdrawn without a definite rebuke to those who signed it, and this would be a serious blow to the reputation of the Party.

Yet the declaration contained in germ the whole of the revolution in party policy that has taken place. It presupposes that to vote the government taxes taken from the rich and well-to-do is a more effective way to fight militarism than to vote to the bitter end against all grants for military purposes, no matter how hopeless the struggle may, for the present, seem to be.

The second step occurred when, after a severe quarrel in the caucus, the majority of the Socialists in the Reichstag voted to put military expenditures and the military taxes into separate bills. By then voting against the first measure, though they knew it would pass anyway, they felt they had done their duty. "*The military bill is law,*" they declared in italics, and then proceeded, with this as an excuse, to vote the government the money to make this *law* a *fact*. They said they did this on the ground that the increased taxation of the "possessing classes" for the cost of armament would help to cool their sympathy for further agitation and facilitate the struggle against militarism.

This plausible statement brought up three sets of questions concerning Socialist policy:

- (1) Political policy generally.
- (2) Anti-military policy.
- (3) Tax policy.

The supporters of the new political policy declare that an opposition party may vote to grant a hostile government money for purposes it disapproves, if this money would

have been granted the government anyway without such a vote. The resolution on this subject, proposed by Wurm, and adopted by the Congress, declared:

"Every direct tax [as well as every indirect tax] must be opposed by our Comrades, even if it falls upon surplus value exclusively [i. e., even if none of it can be shifted onto wages], whenever the purpose for which it is expended is against the interests of the working class—except in case the opposition of our Comrades would not hinder the passing of the measure opposed and would result in a less favorable taxation of the working class."

This resolution allows—in one case, at least—the support of the hostile government because that hostile government has a majority in any event, and the arguments used in defense of the resolution make of this a general principle. Thus the importance of minority opposition is denied. A government or governmental measure, according to this principle, need not be voted against if it cannot be defeated. The policy of gradually building up an effective opposition by voting consistently against every measure opposed, and thus gradually increasing the difficulties of the government, is abandoned. In this case, for example, the refusal of the Socialists to vote for the government would have led either to a compromise and to *somewhat* less favorable taxes (but not, as I shall show, to a complete substitution of indirect taxes for direct taxes as the compromisers asserted), or to a dissolution of Parliament. In either case the government's difficulties in raising money would have been greatly increased at a relatively small cost to the Socialists. Of course the truth underlying the whole case is that the new Socialist knows that anti-militarism is not very popular anywhere in Germany. Their refusal to acknowledge this motive, for political reasons, is the origin of the contradictory position they have fallen into. They simply relaxed their anti-militarism because it was unpopular, especially at the moment. We are not interested in underlying *motives*, however, but in the *policies* to which they have led.

The Wurm resolution favors anti-militarism only in those

cases when it costs nothing to favor it. The principles of the Party, or the wider expediencies, were held to in the past, according to his explanation, only because they did not then interfere with the smaller expediencies. But now that the Party has power (with 111 deputies) an uncompromising oppositional policy would cost something, would demand the sacrifice of the chance for certain small but immediate gains that has now come within the Party's reach.

As Geyer, who led the minority in the Party Congress, pointed out, "the government would be mad if it did not make use of the situation. . . . If it wants the support of the Social-Democrats for direct taxes, it only needs to introduce a bill with indirect taxes." By thus proclaiming over and over again that they will always vote for "the lesser of the two evils" the Socialists have put themselves in the hands of the government.

The new political policy is that which the Germans call "Realpolitik," a term used by those who recognize current political forces to the exclusion of the broader expediencies. The chief opposition Party of Germany (the Social Democracy) now confesses that its actions must be determined, not wholly by its own principles, but largely by the actions of its enemies. "In politics, too," wrote Wurm, "there is a law of self-defense." Very little reference is now made to principle and much to "Notlage" and "Zwangslage"—which means that the situation is such that the Socialists were absolutely "compelled" to such and such an action by "sheer necessity." It is difficult, however, to see how any critical situation can fail to have some element that could be so called. *Something* must always be sacrificed, some price must be paid, if an opposition really intends to make the goal it strives for the main issue. There will always be some bribe, on the other hand, that the government can offer to an opposition that is not prepared to forego any considerable offer of the kind, or to pay any price for its principles. "Realpolitiker" in the government will always be able to *create* a "Zwangslage." Indeed Wurm has al-

ready spoken of the paramount necessity of self-defense as a permanent condition existing in all Parliaments and as an inevitable result of the very fact that the Socialists are in the minority.

In the whole discussion a single session of the Reichstag was considered as the basis upon which everything was to be decided. That Party which formerly claimed to be the most idealistic and scientific of all—looking a generation or perhaps a century ahead—now *avowedly* lives from year to year. Yet Home Rule for Ireland took half a century of uncompromising and, temporarily, hopeless opposition. What can be done in a single year for the far more difficult causes of anti-militarism and democratic government—to say nothing of those more radical policies of the Socialist and progressive programs that are no longer even discussed by the Reichstag Socialists? The explanation, however, is at hand. Not only Fischer, but David, as the Vorwaerts pointed out editorially, were chiefly concerned with the fact that to close the session by sacrificing the popular taxation of the rich on the altar of unpopular anti-militarism would mean the “decimation” of the Socialist representatives in the Reichstag in the following election—reducing them, that is, to the forty-odd who could be re-elected exclusively by Socialist votes.

We come now to the new anti-military (or military) policy. It will be noticed that the Wurm resolution prefers the cause of direct taxes to that of anti-militarism. It provides for voting against military grants even—in *some cases*—when this money would be granted in spite of the Socialists’ opposition. So it recognizes that such minority opposition has a practical value. Secondly, it agrees with all Socialists that the Party must vote for direct taxes to replace indirect. When militarism and direct taxes are to be bound together in a single measure, then the Socialist position evidently demands their *separation*, so that a vote may be cast against the former measure and for the latter (the very opposite action to that taken by the majority of Reichstag Socialists). The Wurm resolution, however, de-



mands not this separation, but that taxation reform be voted even at the cost of anti-militarism.

Anti-militarists in the Party, therefore, put this case to Wurm: Suppose all the organized Socialists were about to be exiled to the Cameroons, would he favor giving the government taxes for this purpose, provided they were direct? Wurm's negative answer can only have one interpretation. He would not support such a grant, but he would support a grant for military purposes. Militarism, then, is not the worst of all evils. Indeed this argument forced Wurm practically to abandon the whole of his elaborate formulation of policy and to lay chief weight on "the general political situation"—a formulation evasive enough to satisfy any professional "diplomat." Stadthagen even suggested that Wurm and Südekum ought to be taken into the Ministry on the ground that they had suggested "the best ground for every military bill"—the threat of a worse alternative.

The Socialists' new military policy is based on the proposition that if the rich pay the taxes they will be less anxious for increased armaments. But this policy had very little effect where it has been tried—and Bernstein admits this for England. Moreover, by the same reasoning, the comparative lessening of the military burdens of the middle classes, which is a part of this policy and of the new law, will make imperialism *more popular* among that very element which is now coming into political power. And even if those profiting from militarism, imperialism and colonies paid the whole of the military bill, they might find that it still gave a credit balance. Only if the shifting of the burdens onto their shoulders actually made the rich oppose these expenditures would this argument be proven. This is just what they did not do and not one of the compromisers even claimed *to expect* that they would.

The new law will evidently make militarism *more popular*. Incomes under 5,000 marks are exempt. Thus at least 90 per cent of the German people, including the majority of small officials, professionals, shopkeepers, clerks, etc., can now vote for militarism without paying for it. Wendel says

that the fact that "comparatively small incomes of between 5,000 and 10,000 marks were drawn upon for the defense fund had an educational purpose, for these are the incomes of all those elements of society, such as school principals, judges and retired officers in the army and navy societies, who are the loudest shouters for military increases, but who never before had to open their pocketbooks." On the contrary these classes were almost as heavily hit by the former increases of indirect taxes for military purposes as were the working men. To these classes the payment of one per cent on their incomes is far less burdensome than a large increase of indirect taxes would have been. Also they like to see the wealthy heavily taxed for many other reasons, and they may be expected to become greater militarists than ever now.

No wonder that even the Vorwaerts, which defends the action taken by the Party, admits that "not the old fight against militarism and imperialism on the ground of principle has been kept in the foreground, but the fight about the form of the taxes required." Yet this old fight was supported by nearly half of the Socialist members of the Reichstag and by 140 of the 500 members of the Socialist Congress, who brought forward a resolution that "all bills proposed in the Reichstag for the strengthening of militarism, including taxes providing for the cost of militarism, whether the taxes proposed are direct or indirect, are to be opposed." This resolution was attacked by the Vorwaerts, however, and voted down by a large majority.

If the Party deserted its anti-military position, then, it did so deliberately. Indeed, the ground was prepared by Bebel at the Leipzig Congress of 1909. And the Chairman, Singer, warned the Party at the time that it had stepped upon the inclined plane of compromise, on which there was no stopping until it reached the bottom.

The argument used by the South German Socialists when they have wished to support Liberal but anti-Socialist governments is a much better one. The chief question in South Germany has usually been some governmental project to

improve the wages and conditions of governmental employees. Could the Socialists refuse a government its annual supplies, they asked, when they were being used largely for such purposes? And now that the national Party has given the government money *specifically* marked for military purposes, how can it refuse money for the less harmful and even beneficent objects which are contained, in some measure, in almost every budget?

The Party, it is true, is still as anti-military as any other German political group—even though it is no longer altogether oppositional on this question. But there are non-Socialist political groups in France, England and America that go much further for international peace and cater less to the fluctuations of popular opinion. Even in Germany the Socialists (such as Wendel) admit that there was a stubborn resistance to militarism among Liberals and Catholics as late as 1893. Surely this opposition may still be revived, in view of the general political advance of all parties everywhere; that is, if the Socialists decide to lead the way to a decade-long anti-military campaign, instead of surrendering to the government—as at present—for a price.

We now come to the new taxation policy. The resolution of the minority of the Congress, just mentioned, also wanted the Party to rest satisfied with its old principle that "*existing* indirect taxes are to be replaced by direct taxes," and to refuse to vote for new taxes—even though direct—unless they were to be used for the purposes of social reform. But even the most practical non-Socialist reforms have now become distant "ideals" to the Socialist right wing. The chief anti-militarist reform—a militia with universal conscription—though surely not very radical, was referred to by one of the leaders, Heinrich Schulz, as being a mere "ideal." And now, because the purely bourgeois-democratic policy of heavy direct taxation of the very wealthy for social reform purposes—and a corresponding reduction of indirect taxation and lowering of the cost of living (though this moderate policy is already being carried out by non-Socialists in other countries) cannot be

introduced in Germany until a bourgeois-democracy is established, a leading article in the *Neue Zeit* (by Rudolf Hilferding) speaks of this reform also as a distant "ideal," having little relation with present politics.<sup>1</sup>

The old principles are now abandoned. But for what price? The radicalism of the new German tax law, when it was first proposed, was heralded all over the world. But the law that finally passed—though a great advance for Germany—was by no means so radical, according to the Socialist minority, as to justify a complete reversal of the previous stand against militarism. The new taxes are of three kinds. All three exempt the poorer and tax heavily the richer classes. The income tax is typical. Exempting incomes under 5,000 marks, it gradually increases until it reaches eight per cent at 500,000 marks, a level only one per cent higher than our new income tax. It is true it reaches this point sooner and the exemption is lower. But this tax, though it is also for a supposed military emergency, does not compare with our Civil War tax of 5 per cent on incomes above \$600 and 10 per cent above \$10,000—a tax which remained until 1867; and even then a flat rate of 5 per cent was levelled on all incomes above \$1,000. Certainly, then, this German tax law, though very valuable, was scarcely worth the extremely high price paid for it.

The compromisers asserted that, if they had not voted for direct military taxes, indirect taxes would have been the result. To this argument the "radicals" gave several answers. First, that the German masses are already taxed to the limit, and that the indirect taxes, therefore, would not in any event be much increased, because such an increase would not bring in much new revenue. It is well known that in proportion as customs tariffs become prohibitive they yield less and less return, and there can be little doubt that in Germany they have approximately reached this point. As to internal or excise duties, the German workers have already shown their readiness and ability to use the boycott effectively against both beer and spirits and there is little more governmental revenue to be obtained in that direction.

Excessive taxes, moreover, decrease consumption. Not only would this injure business directly, but any further increase in the cost of living would so menace the lives, health and efficiency of the workers that all far-sighted employers would oppose it. So, if indirect taxes *had* been increased in this instance (as a result of a Socialist vote against all new military taxes, whether direct or indirect) the increase would certainly not have been very great and would have added only a trifle to the cost of living. Next, taxes can usually be more or less shifted. The rich may shift a part of their taxes back onto the shoulders of the poor, and vice versa. If the poor *were* still further taxed, the unions, if they amount to anything, ought to be able to keep wages moving at least as fast as prices. Finally any loss for future social reform from failure to establish a precedent for the heavy taxation of the rich would be a trifle compared with the sacrifice of 140,000 new soldiers drawn from the people, which draft was facilitated by the new Socialist policy. Though this new conscription might not have been prevented this year, certainly a strenuous resistance would prepare the way for the future victory of anti-militarism better than to vote the government the money it requires.

The assumption of the compromisers is that the high cost of living is due in very large part to indirect taxes, and it is common (as in Wendel's statement in the *New Review*) to attribute this world-wide phenomenon wholly to that cause. Yet even in Germany the government has not been able to raise the tariff on "food articles and the absolute necessities of life" in recent years (the period of the most rapid rising prices), unless "brandy, beer, tobacco, etc.," are such absolute necessities. For it was on these latter that the last indirect taxes were levied in 1907. They were only \$125,000,000 at that, and, after being distributed among the 75,000,000 people of Germany, could not have added much to the steady increase in the cost of living, amounting to 30 per cent from 1900 to 1912, even if we include beer, brandy, and tobacco as necessities.

Undoubtedly it is difficult to keep wages up to a rapidly



rising cost of living, even though the community as a whole, including many employers, desires it. But indirect taxes (though causing a considerable part of the high cost of living) have very little to do with the *rise* in the cost of living—which nearly the whole civilized world opposes and will in time correct. And even if the cost of living continues to rise the most immediate remedy for working people would seem to be better labor unions and a more rapid increase in wages, rather than to wait for such slow remedies as promise materially to reduce living cost, such as the technical improvement of agriculture, the organization of agriculturists, the governmental use of land rent for agricultural purposes, or the proposed reorganization of the distribution of food products.

As between the two possible methods of improving the *real* wages of the majority of working men, i. e., either to raise money wages or to lower the cost of living, there can be no question that the raising of money wages is the easier and more immediately effective—for the reason that farsighted employers, progressive capitalist statesmen and “public opinion” are all interested to see that the working class does not degenerate physically or deteriorate industrially. But this does not apply to the classes to which the Socialists, having converted the majority of the workingmen, must now make their chief *electoral* appeal, the clerks, the minor professionals, and minor government employees—for, however badly underpaid these classes may be, they have no direct means of redress, no possibility of strikes. They are therefore extremely interested even in slight reductions of the cost of living. Similarly the “aristocracy” of manual labor, which now has the balance of power in the Party, though it is thoroughly organized, cannot hope to keep *their* wages up to the level of a rapidly rising cost of living. For, however underpaid, their wages are still above the minimum of physical and industrial efficiency. So that middle class public opinion and middle class governments, even when progressive, oppose every considerable wage increase, and still more bitterly oppose every strike of this

group. Thus, while the cost-of-living issue is secondary to the great mass of working men, it is of first importance to the "marginal" voters, skilled wage-earners, clerks, minor professionals, etc., who control the Socialist members of the Reichstag, and also to a majority of the members of the Socialist Party.

The most immediate practical service that can be expected from graduated direct taxes is not any great or direct benefit to the working class, but the destruction of plutocracy, the crushing of the economic and political power of the large capitalists, and the establishment of a small capitalist democracy. The condition of the laboring masses will in the long run be kept at the minimum that employers and the government consider indispensable for their efficiency—and taxes paid by working men, their cost of living and public expenditures in their behalf are all discounted in making this reckoning of the "living wage." Large fortunes, on the other hand, can be taxed away and the middle classes will get a vast benefit from such a process, both in new opportunities and in public employment. It is only as an incident to this change that the working class will be benefited. The "national minimum" and the high standard of living required by the new policy of "national efficiency," which can be completely established only as the small capitalists come into control, will mean a vast improvement of the strategic position of the working class—politically and economically—in its struggle for complete industrial democracy.

From this point of view (the dependence of the working class on middle class progress) the new military law enacted by Socialist aid was anything but satisfactory. It taxed the middle classes too heavily and the rich not heavily enough. When this criticism was made Wurm's only reply was that "the capitalists could tear out one another's hair about that" and that the Socialists could advance themselves "by the conflict within the capitalist class," i. e., without taking sides permanently with the progressives. In a word, the Socialists, far from realizing the possibilities of the working class advance as an incident in the develop-

ment of progressive capitalism, took a neutral stand between progressivism and plutocracy.

Here, as at many points, the Socialists of the new majority are less radical than non-Socialist radicals. Just as the unions of skilled labor often act with wealthy employers against the general public, and so against a large part of the working class, so the Party which these unions control is now acting more and more frequently in the same way.

The control of the Party in the recent Congress by leaders of unions of skilled labor was brought out still better by the discussion of the General Strike than by the debate over the new military expenditures. Until this year the term, General Strike, has been very unpopular outside of Socialist ranks. (Even the German Socialists adopted it, in the political form, only in 1905.) But the Belgian political strike has shown that, in some countries at least, it is the best hope for democracy and even for conservative Liberalism. If this is so then any unnecessary postponement of the general strike in Germany because of smaller parliamentary or political motives is nothing less than a world calamity. For every democrat appreciates the vast importance of the democratization of Germany. It is true that such a great political transformation cannot be completed—if it begins in the near future—at a single bound. But the greater the fight made now the more satisfactory will be the compromise that will later be effected.

Here again the unbiased observer must cry out: "A plague on both your houses." For, while the Laborites want to postpone the general strike "to the Greek Kalends," the orthodox want to carry it out without reference to the interests or assistance of the middle classes. Scheidemann, speaking for the Party Executive, made an effective reply to the orthodox, showing that the strike must appeal "to the whole people" and that the Socialists must frankly say: "We are not only fighting for something that is of use to the Social-Democracy, we are fighting for the whole people," and he claimed that the Socialists would have three-fourths of the German people with them in such a fight.

This is undoubtedly necessary if the struggle is to succeed. But all Socialists and many non-Socialists agree that only the working people can be relied upon to take the *lead* in the fighting or to make any large sacrifice. When, therefore, this same Scheidemann landed in America, two weeks after this speech, and said that this tremendous change is to be fought for only if it can be brought about "without bloodshed" and that "one life of a working man is worth much more than an attempted struggle," we can see that he sets no great value on the end to be attained by the strike—political democracy.<sup>2</sup> Marx and Bebel had no such fear to risk workingmen's lives for the working class, nor will the iron-fisted class that governs Germany hesitate to shed blood or to risk the lives either of its own members or of the people in order to defend its privileges. We can see, then, that there is little prospect of democracy in Germany as long as the new Socialist spirit is maintained.

By a majority of nearly two to one the Congress voted down the motion of the minority on the proposed general strike. Scheidemann declared that this resolution excluded the Executives of the Party and Labor Unions as factors in proclaiming or refusing to proclaim a general strike, and it is true that it demanded that the struggle should be viewed as centering mainly in the action of the masses instead of the political and labor union organizations. As opposed to this policy Scheidemann demanded, as "a condition precedent to the general strike, the complete unity of all organizations of the labor movement." Thus a single powerful union, representing some relatively privileged group of workers, could veto the whole democratic movement. Imagine entrusting democracy, radical reform, or even progressivism in this country to the Brotherhood of Locomotive Engineers! As Karl Liebknecht pointed out, such a complete unity of the German workers as that required by Scheidemann will probably never take place.

Already Bauer, the leader of the labor unionists in the Congress, gave notice that he did not consider equal Prussian suffrage worth the sacrifices that a general strike would



entail—at least at present, or *for as long a time as he could see ahead*. Even the agitation for such a strike he deplored, as leading to possible reprisals against the workers. But, unfortunately for him, he tried to show that the Belgian strike had cost more than it was worth. He was able to prove that labor union leaders in Belgium, as elsewhere, still attack this strike. But Belgian Socialists present at the Congress—in contradiction to Bauer's statements—claimed (1) that the Belgian unions as a whole had not lost in membership because of the strike (though no doubt some of the most conservative and skilled unions *had* lost men and money and it is in these chiefly that the German labor leaders, like Bauer, are interested), (2) that the unions were not financially crippled, and (3) that the unionists were not being exceptionally discriminated against since the strike.

In spite of the temporary retrogression of the Socialist Party, the radical democratic movement in Germany will, doubtless, continue its advance, first through the minority within the Party and among the masses outside of it, and later through the Party as a whole. That this is the probable development is indicated by the fact that the Socialist leaders have never suffered from such vigorous Socialist attacks as at present, while "pure and simple parliamentarism," political machine methods, and the Party bureaucracy have never been so vigorously criticized in the Party press. And this criticism will be listened to. For, since the adoption of the new policy, Party membership has practically ceased to grow and the Party press is suffering numerous set-backs. If, under such conditions, the Party does not resume its former aggressive fight against militarism and for democracy, it will lose that boundless enthusiasm and readiness for sacrifice that have been by far its greatest political assets. Either it will again lead the fight for democracy and social reform, as I have suggested, or it will cease to lead the progressive movement and will be forced to share its present popularity, in large measure, with the newly reorganized Progressive Party.



## D—FRENCH SYNDICALISM

## A MOVEMENT OF THE ARISTOCRACY OF LABOR

Up to the present the evolution of the labor movement has been a series of disappointments to the wage-earners. In Great Britain—after half a century of labor union organization and of strikes—the workers began, about twenty years ago, to lose faith in the strike and to turn to political action. After two decades of political action the workers have now become disappointed again and are apparently beginning to prefer the strike to the ballot.

In France the evolution has been the other way. The democratic constitution of 1876, and the earlier traditions of political democracy, became a reality for the working people about 1890—when the reactionary legislation against them, which had followed the Commune of 1871, had about worked itself out. The Socialists of the various factions began to have enormous electoral successes and the majority of wage earners began to put their faith in political action—though a large minority still maintained the revolutionary traditions of the past.

Indeed the Socialists were only too successful. Socialism became the ladder by which every political adventurer could climb to power. Millerand, the anti-militarist, became minister and anti-militarist Briand, advocate of the general strike, became prime-minister and arch-enemy of the strike. Augagneur and Viviani became nothing less than conservative as ministers. Gerauld Richard became the right hand of Clemenceau, Brousse, as Mayor of Paris, welcomed the slayer of Ferrer to the capital, etc., etc. Jaurès defended and befriended every one of these deserters and betrayers up to the very last minute, when their position in the Party became untenable. Indeed it is among these men that Jaurès found his closest associates. And every desertion and betrayal was preceded by the most revolutionary speeches, the most alluring promises of immediate reforms and benefits for the working class.

The French working men then began to transfer their faith to labor union action. The labor unions adopted Socialism as their goal, but proposed to reach it without the aid of politics. This idea has now predominated for about a decade without gaining any more satisfactory results than political action. The failure of the Post and Telegraph Strike of 1909 and of the Railroad Strike in 1910 marked the climax of the movement. It was evident that a general strike of an economic character, that is, a strike supported by working men alone, is not practicable as a means of coercing the government—at least for the present, if not forever. It became clear also, soon after the strike, that if the railroad workers and other government employees—absolutely essential to a successful general strike—could obtain what they wanted from the government they would always be ready to desert the rest of the labor movement.

To understand French Syndicalism, it is necessary, then, to know something of France and something of her “syndicats” (labor unions). Economically, France is, in some respects, a backward nation. While a certain measure of progress is assured her through her exceptionally powerful middle classes—small farmers, small capitalists, professional men, and government employees—this same fact impedes all radical progress. For the working class is exceptionally small, and is composed largely of skilled workers and government employees. Thus all effective radical action by the French working people is under a double check. The workers are in a minority, which is probably destined to grow constantly smaller, and a large part of them are more closely allied by their nature to the middle than to the working classes.

There is, then, no possibility that the French workers can move as fast as those of the United States or Germany or England (in spite of their Imperialism), or even those of Belgium. Because of France's large middle class, the artisans who expect to have a business of their own are exceptionally numerous. Because of the vogue of Paris and parts of France as pleasure resorts, servants and clerks who

expect to become shopkeepers are exceptionally numerous. Because of the importance of the manufacture of luxuries, skilled and comparatively well paid workers are exceptionally numerous. And, finally, government employees, being organized, and receiving, in many cases, a more and more reasonable treatment, are an increasingly conservative force among the unions.

These forces are all to be reckoned with *in addition* to the conservative internal forces that effectively hold the unions in check in France as in other countries. For, in France also, there is a conflict between trade and industrial unions. But, strange to say, it is the trade federations that use the revolutionary and syndicalist phrases and regard themselves as revolutionary—though in actual practice they are the more conservative. There is little conscious conflict between the skilled and the unskilled. For the latter are not separately organized on a national basis in any important case except that of the Gas-Workers, who, as we should expect, are opposed to the so-called revolutionists.

This situation can only be explained historically. Among the most revolutionary French unions are those of craftsmen or artisans—for example, bakers or hairdressers, who can still hope to set up in business for themselves. Increasing competition has for generations kept wages exceptionally low in such occupations and has made economic independence increasingly difficult to attain. And, while these crafts were numbered by the score, they are now scarcely a handful. As there was no immediate future for such trades they have produced either desperate revolutionists (Anarchists) or Utopians with their eyes fixed on the distant future where they might at last have an opportunity. Closely affiliated with them have been such occupations as the building trades, which are only half modernized, and also the metal trades, which, in France, contain an exceptionally large number of skilled workmen, always threatened by new machinery.

In France, moreover, those groups that dominate the unions have the tradition of revolutions in which they have

always been indispensable fighters without reaping much of the advantages obtained. They tend, for all these reasons, to revolutionary *ideals*—insurrection, general strike, anti-militarism, and violence, and they are opposed to politics. But these are only ideals and abstract principles. In proportion as they become disillusioned as to the present possibilities of labor union action, these same workers revert without difficulty to a conservative position, and fall into direct antagonism to the interests of the great mass of unskilled workers.

The disillusionment of the Syndicalists has come. In a nation of small capitalists, confronted by conservative unions of railway workers and miners, the general strike has been practically abandoned. At first many Syndicalists were so devoted to the general strike that they even opposed "partial" strikes because they distracted attention from the larger object. Then they favored partial strikes, but only in proportion as such strikes progressed towards the general strike. And now there is little further discussion of the general strike. It is discovered that this is mere talk and that the smallest amount of immediate or "direct" action is more revolutionary. Now Pouget and Jouhaux say that any strike may be a sign of revolt against class rule. And, finally, Pouget and most Syndicalists claim that capital may be partially expropriated by such partial strikes.

Thus the circle has been completed and the so-called ultra-revolutionary unionists now take the same position as to practical action as do the ultra-conservative. Even in theory there is now little difference between the ruling factions of the French and the German unionists, since the latter also profess Socialism as an *ultimate* ideal. Moreover, there is an exact parallel between this labor union policy and the political policy of Parties which, like the German Social Democracy and the British Labor Party, are under the control of the aristocracy of labor.

One of the leading Syndicalists, Lagardelle, himself confesses that the French unions "swing back and forth be-

tween revolutionary disturbances and pure and simple unionism." But, while there may have been some vacillation, there is now also a steady progress from revolutionary disturbances to the pure and simple unionism of skilled labor, which—for reasons I have stated—rests content with such petty struggles as it is able to inaugurate and such petty advances as it is able to secure. For the unions generally are perfectly aware that they are not yet advancing *real* wages to any marked degree, in view of the rising cost of living. As the Secretary of the Confédération Générale de Travail said at Brussels (December, 1911):

"While our reformist comrades wish to form alliances between workers and employers for obtaining the ameliorations demanded, we declare, on the contrary, that this method *can bring no effective result*. For if the advantages *thus* obtained are not illusory, reacting against the workers, they will be at the expense of the consumers, of which the workers are the great majority."

But this same Jouhaux, in the same speech, also made the following unsubstantiated and contradictory claim:

"In general, thanks to the energy spent in the struggles and to the mounting force of the syndicalist movement, there has been a notable diminution of the length of the workday and an increase in wages."

This last statement, however, is chiefly important not as a statement of fact, but as an expression of the Syndicalist's present *hopes*, which are thus seen to be the same as those of the leaders of the aristocracy of labor.

The French Syndicalists prefer economic to political action. The constitution of the Confédération de Travail says that "*aside from every political school*, it organizes all workers who are conscious of the struggle to be carried on for the abolition of the wage system and of the employing class." And the Congress at Havre (1912) renewed the declaration that any member was "perfectly free, outside the union, to participate in any form of struggle corresponding to his philosophical or political conceptions" and that the



Confédération had nothing to do with "parties or sects," thus making *political* Socialism a matter of private opinion. But this is also the policy of the British and American unions—and, indeed, of all unions, except those of Austria and Belgium. It has been taken as ultra-revolutionary. It may equally well be ultra-conservative.

Just as the disparagement of political action may represent the interests of the aristocracy of labor, so may the undue elevation of labor union action, as we see in the following expressions from Jouhaux's speech (already quoted from) :

"Some claim that the strike is 'the weapon of the weak:' that is a mistake, for, besides being the apprenticeship of action, there is hardly a case of capitalists *taking kindly to being despoiled of part of their incomes or of their authority*. From each strike the employing class emerges weakened; some of its power is gone, while at the same time the boldness of labor increases."

Thus present-day strikes as a whole are presented as parts of the class struggle, just as is done by those Socialists who represent the aristocracy of labor. This is a very different thing from saying that strikes *may some day become* parts of a class struggle, provided the time is ripe, and provided the working class is held together, in the only way this can ever be accomplished, either by the exclusion of the aristocracy of labor or by the unquestioned domination of the laboring masses.

Dogmatic Syndicalists, like dogmatic Socialists, have paved the way to the compromise of their own position by the Laborite or State Socialist faction in the unions and the Party respectively, through their denial that the capitalist enemy would grant reforms of benefit to labor except through coercion. The reforms, however, are acknowledged to be of pressing importance, so that the State Socialists can step in, work for these reforms, and claim credit for them, in every case where the dogmatists refuse to recognize the work of progressive capitalists,

For example, Jouhaux, in the speech already quoted, says:

"The members of the syndicat are always conscious that reforms, whatever they are, can only be the results of their efforts. It is thus that the passing of the laws was secured on industrial accidents, employment bureaus, and weekly rest. And even to-day these laws are not enforced except where labor organizations are sufficiently powerful and have life enough to enforce their enforcement."

According to this statement those unions most clearly representing the aristocracy of labor can claim a part of the credit for all legislative progress that favorably affects the laboring masses, while progressive capitalists can claim none at all.

The Syndicalist theorists, like many Socialists, make no allowance for an intervening stage of State Socialism between us and the Socialist society. Nor do they allow for the division of the working class which a Laborite or State Socialist government entails. They do not even allow for the immediately impending stage of State Capitalism. They expect capital to remain the same reactionary force that it is to-day or to become worse. If this indeed turns out to be the case, then on the one hand the most violent methods the Syndicalists advocate may some day become the most effective, and, on the other hand, all present progress of the working class will have to be secured by the working class itself—against the resistance of all other classes. Against growing oppression and violence from above there will be required more and more violence and rebellion from below.

The Syndicalists are no doubt right as to their judgment of what the *present ruling class* would do to prevent an industrial democracy and to impede even present-day reforms *if it remained the ruling class*. The source of their error is the same as that of the older Socialist theorists. It is due to an absolutely uncritical belief in the unity both of the working class and of the capitalist class,

and therefore a blindness to the inevitable intermediate stages of progress under a political democracy dominated first by small capitalists and later by the aristocracy of labor.

#### E—STATE SOCIALISM IN THE AMERICAN PARTY

The position of the American Socialists has a peculiar importance to the International Movement, as the United States is generally conceded to be, economically, the most advanced nation. The ablest, most accurate, and most systematic presentation of the American position is that of Morris Hillquit, who long represented the Party at the International Socialist Bureau. His articles, published in *The Metropolitan Magazine* in 1912 under the title, "Socialism Up-To-Date," and later in book form, as "Socialism Summed Up," contain a more connected and consistent presentation than the Party platform and so give a better idea of the American Party.

Hillquit's fundamental position is seen in his assertion that the movement is directed against "the private operation of business" and "the private ownership of industry." That this is the goal of State Socialism cannot be questioned. It may also be the present goal of the American Party. But the professed goal of Socialism, as every one familiar with Socialist literature is aware, has hitherto been to put an end to "the operation of business" *by a ruling class* and the ownership of industry *by a ruling class*, and not merely to abolish private ownership and operation. Now the operation and ownership of business and industry by a class may be carried out, directly, by a class-controlled government, as easily as it can be carried out, indirectly, by the present system of private ownership and operation, under the protection of a class-controlled government—a fact amply recognized by such leading Socialists as Liebknecht<sup>1</sup> and Kautsky.<sup>2</sup>

Hillquit's statement of Socialism, though liberal at points, abounds also with that partizanship, dogmatism, and Labor-

ism that so often reduce Socialism and the Socialist movement to serviceable tools of the State Socialists. His Laborism appears in this typical statement:

"The relations between the classes of producers and the employing classes are marked by intense, though not always conscious, class antagonism and by overt class struggles." This class antagonism and class struggle are what the Socialists *desire* and *expect*, but they very rarely exist to-day. What exists usually is a conflict of class *interests*, without either class antagonism or class struggle, conscious or unconscious. To give the title of class struggle to the conflicts of to-day, in nearly all of which one part of the working class advances itself at the expense of another (through raising the cost of living), is to take common ground with that aristocracy of labor which now controls the labor unions and Socialist Parties of the world, is the mainstay of the movement towards State Socialism, and will become the ruling class when State Socialism is an established fact. For the chief claim of this labor aristocracy is that the strikes and reform legislation, most of which it directs, are part of the class struggle. This is the argument by which it so often catches and misleads the laboring masses, the defense by which it habitually protects itself from the attacks of radical Socialists.

The dogmatism of Hillquit appears in the doctrine that the material existence of the propertyless wage-earners is growing more precarious. This ancient dogma allows a Socialist organization to deny that it is to the interest of the employer to improve the conditions of the employee, even in those ways that increase the employee's productivity more than proportionately to their cost, and so add to profits. By thus denying the possibilities of labor reform by capitalist progressives those Marxists who have preached this dogma have made it inevitable that the State Socialists would be able to claim the Socialist Party as the proper body to perform these greatly needed functions. There is every reason, on the contrary, to suppose that precariousness of employment will grow less, that a State Capitalist gov-

ernment will guarantee security and steadiness of employment for the purpose of increasing efficiency. If it should not, then this will undoubtedly be one of the first tasks of the Socialist Party—postponing other and more important activities. But it will.

Hillquit says that all other reform movements except that centred in the Socialist Party, are as a rule “sporadic,” “superficial,” “indefinite,” and “ineffective.” Thus he claims practically the whole field of reform for the Socialist Party. The only previous time in the history of the United States that the country could boast of “a political party with a social program” at all, Hillquit says, was when the Republican Party was first organized for the abolition of slavery. And these words were written just before the Convention at which the Progressive Party was organized, with its clear-cut State Capitalism and with a social program, which was certainly radical, since Berger, Ghent and other leading Socialists said it was “stolen” in large part from the Socialist platform! The similarity is unquestionable, but the Socialists had taken their measures, in turn, almost entirely from non-Socialist sources and these same non-Socialist reform movements may also have supplied the Progressives with most of the measures in question.

Like the Socialist platform, which was written before the Progressive Convention, Hillquit (in his earlier articles, also written before that Convention) even claims the anti-trust issue as Socialist property. “The trusts,” he says, “are the principal cause of the vexatious new problem familiarly and intimately known as ‘the high cost of living.’” The enormous profits a large part of the farmers obtained from high food prices, Hillquit, like the Socialist, Progressive and Democratic platforms, is careful not to mention, for the farmers have several million votes. On the contrary, he pictures the farmer as being “dominated, controlled and exploited by the power of capitalism *just as much* as the other producing classes.” (My italics.)

Hillquit takes pain to endorse the “class struggle”—theoretically. “There is war between and among the



classes." This war is "irrepressible," because due to "ever present organic economic antagonism." But he also presents Socialism as the movement for "public ownership and operation of the principal agencies and instruments of production and distribution," which by no means involves a class struggle against capitalism. The thing against which this movement is directed, as Hillquit says, is "private ownership and operation," which, as I have said, is by no means the only form of class ownership and operation. This "private" control has made of the present system what Hillquit himself characterizes as "a system of *general* warfare, an ugly brutal fight of all against all." (My italics.) And the collectivism Hillquit advocates is in reality nothing more than a reaction of all society—with the exception of the large capitalists—against this disorder. He thus verbally endorses the class struggle, but proceeds to describe the struggle of collectivism against individualism. His statement that "no individual or *class of individuals* can be held responsible" for the existing conditions of society is indeed as complete a repudiation of the class struggle as can anywhere be found.

We can now understand why this spokesman for so many American Socialists claims that the Socialists are the only genuine reformers. For all collectivist or State Socialist reform is, in their opinion, Socialism, whether accompanied by the class struggle or not, as we see in the following statement:

"We are at least ankle-deep in Socialism already, and it is not improbable that the future historian will date the beginnings of the Socialist régime from, say, the middle of the last century, just as we are now placing the beginnings of the capitalist era a century or more back of the great French Revolution."

Hillquit then proceeds to trace the beginnings of "Socialism" to Sir Robert Peel and Bismarck! Surely no British Fabian, or other frank opponent of the class struggle, has

ever progressed any farther away from the position of the class-conscious laboring masses than that.

#### F—THE AMERICAN SOCIALISTS AND THE RACE PROBLEM

“‘Advanced’ Socialist leaders,” says Colonel Roosevelt, “are fond of declaring against patriotism, of announcing their movement as international, and of claiming to treat all men alike; but on this point, as on all others, their system would not stand for one moment the test of actual experience. If the leaders of the Socialist Party in America should to-day endeavor to force their followers to admit all negroes and Chinamen to a real equality, their party would promptly disband and, rather than to submit to such putting into effect of their avowed purposes, would, as a literal fact, follow any capitalistic organization as an alternative.”<sup>1</sup>

The internationalism of the Socialist movement is thus squarely challenged by one who voices the views of very many people. To what extent do the facts sustain this impression?

It is impossible to minimize the fact that at the American Socialist Congress in Chicago (May, 1910) more than a third of the delegates favored legislation against Asiatic immigration framed along race lines. This anti-Asiatic movement had been so strongly endorsed by ex-Congressman Victor Berger and his followers that he even threatened, on a visit to Berlin, that, in this matter, the American party was ready to defy the decisions of the International Congresses. It is the “reformists” and those inclined to make of the Party a sort of a Labor Party of the British or Australian type who led the restrictionists. As the question is probably settled as fought out in Chicago, the position of the party will remain for some time as it is; indeed, a reopening of the question would certainly threaten a split in the movement. In the meanwhile, Debs, the presidential candidate, and others of the best known representatives of

the organization, have taken the strongest possible stand against action along racial lines and in favor of maintaining the position of the International Socialist Congress of 1907 at Stuttgart.

Untermann, who was recently Socialist candidate for Governor of Idaho, wrote a few years ago that "the race struggle is as much a fact as the class struggle," and continued, "*The race question will still be with us even after we shall have the Socialist Republic, only it will then be divested of its class struggle character.* But nevertheless its settlement will by no means be so easy and amicable as some of our Marxian scholars dream. *The question as to what race shall dominate the globe must be met as surely as the question as to what class shall own the world.* We should neglect our duty to the coming generation of Aryan peoples if we did not do everything in our power, even to-day, to insure the final race victory of *our own people.*" (My italics.) The majority of the committee appointed to report this matter to the Chicago Congress, of which committee Untermann was chairman, argued much along the same lines:

"Sometimes the party in acting for the immediate interests of the working class, must come into apparent conflict with its ultimate ideals. This is unavoidable; *we work toward our ultimate ideals through and despite these immediate contradictions.* The Socialist Party, in its present activities, can not outrun the general development of the working class, but must keep step with it. . . .

"We therefore endorse every demand made and position taken by the International Congress on this question, *except those passages which refer to specific restrictions or to the exclusion of definite races or nations.* We do not believe that such measures are necessarily 'fruitless and reactionary,' as stated by the International Congress, but on the contrary are convinced that any measures which do not conform to *the immediate interests* of the working class of the United States are fruitless and reactionary.

"We advocate the unconditional exclusion of Chinese, Japanese, Coreans, and Hindoos, not as races per se, not

as peoples with definite physiological characteristics,—but for the evident reason that these peoples occupy definite portions of the earth which are so far behind the general modern development of industry, psychologically as well as economically that they constitute a drawback, an obstacle and menace to the progress of the most aggressive, militant and intelligent elements of our working class population.” (My italics.)

The discussion that took place around this question at the Congress of 1910 has a double importance. It not only reflects accurately the attitude of all the best known American Socialists towards the question of internationalism among the nations and brotherhood among the peoples, but it also helps to answer the question: *Is there any such thing as International Socialism?* For, even if the position of the International Socialist Congress on this particular question were not indispensable to all true internationalism, the various national organizations would respect and obey its decisions if the international organization of the movement is anything more than an empty shell.

The majority report of the committee, which had been given two years to study the subject, was voted down, but the committee was continued. And, after all, its report had the support of about forty of the delegates, or somewhat more than a third of the congress. Note its statement: “We recognize with Marx that the progress of working class emancipation does not proceed uniformly and by identical methods in all countries, but that the working class of each nation will have first to settle with its own ruling class before absolute international working class solidarity can be realized.” The quotations I have given elsewhere from Marx (see *Socialism As It Is*) indicate that this is exactly the opposite of his conclusion, which was that a working class victory can *not* be realized in one country until the other leading countries are also ready for it.

The committee report favoring exclusion was brought before the convention by Untermann. He said:

"As far as Asia is concerned, Asia has immense opportunities for developing an outlet. They need not come over here. Japan has Manchuria and Korea. China has vast districts which it can conquer. Let the Chinese capitalists develop Chinese society, just as the American capitalists have developed American society. Let them find room for their unemployed over there and employ them there and develop their own society. Let the Socialists of those countries organize their coöperative commonwealth themselves first, and then, when they have that organization, when they have their strong Socialist and labor organizations, *then let them talk to us about international solidarity...* The Aryan race will always occupy a certain geographical territory, and what the Asiatics will do in the coming years does not concern us at present."

Here Untermann bases his argument, frankly directed against international solidarity, as much on racial as on economic grounds, and classes himself definitely with those who preach the inevitability of race war—as he had already done several years before in the letter already referred to.

Wolff, representing the Jewish Socialists, said that it followed from the position taken by the exclusionists "that all those immigrants who injure the standard of living of American workers, who make it more difficult to organize the workers in the United States, ought to be excluded." Of course the exclusionists denied this, but the remarks of Hunter, then of the National Executive Committee of the Party, and Germer of the Miners' Union (now of the National Executive Committee of the Party), seem to verify the accusation. Hunter spoke of "foreign labor" brought here "for the purpose of breaking down the unions, for the purpose of making it impossible for the working class to fight, for the purpose of bringing into this country many non-voters, which also to a certain extent breaks down the Socialist revolt." He also referred to the negro situation as being equally impossible to solve, accused the negroes of being unwilling to organize, and claimed that the unionists had found themselves "utterly unable to organize the



Tennessee Iron & Coal Company." Germer said that neither the miners of West Virginia, who are foreigners, nor those of Alabama, who are negroes, were likely to be organized. (An unfortunate prediction in view of the recent successful strikes.) "So appealing to them to come into the organization is not going to bring them in." Here we see that the identical criticism directed against the Asiatics is directed also against negroes and foreigners in general.

Untermann claimed that it was the past environment of the race that he criticized and not the race itself. "Why should we emphasize the race?" he asked. "Not as a race per se, as the report says; not because the Chinaman has a slit eye, and a yellow skin; not because he wears a blouse and a queue; but because having lived in an environment which is a thousand years or more behind European civilization (an unfortunate prediction in view of recent progress in China), he has certain qualities that make him less easily assimilable than even the lowest European immigrant." At another point he asserted not only that Socialism could be attained without disturbing present race *inequalities* but even that race *prejudice* need not stand in the way. Like Hunter he blamed the negroes largely for existing race prejudice.

"The question is absolutely imminent in the United States on the Western slope. Vast masses of that section are already occupied by the Chinese and Japanese, and wherever they get control they shove out the white man, and when they have crowded us out they will reward us for our sentimental attitude by giving us the kick which we deserve.

"The same with the negroes in the South. Wherever the negroes get control they stand aloof from the white men and will not work with them. In other words, there is a race feeling there that is so strong that the two races do not want to work together. They are not willing to work together, and while we stand for international solidarity and stand for rigid solidarity, *we should be false to our Socialist agitation if we insisted first on doing away with the race prejudice.*" (My italics.)

Berger also dwelt on the fundamental differences between the whites and the other races. "We are all of the same type; of the same sort of thinking," said Berger, "we may fight occasionally, but after all our mode of thinking is very much the same. But, comrades, it is entirely different with these other races. They have their own history of about *fifty thousand years*. That cannot be undone in a generation or in two generations, or in three generations." The hackneyed appeal to ancient history, familiar in all reactionary reasoning, whether in reference to races or any other question, the talk about the age-long period in which the history of the Asiatics has been different from ours, was reverted to by nearly all the advocates of exclusion. The phrase about it taking *three or more generations* to undo this difference of history is even stronger than that employed by American administrations in refusing self-government to the Philippines since they, as a rule, spoke only of a generation as being essential to bring the Philipinos to civilization. Berger, more conservative, contemplates three generations before "these other races reach our level." The same argument that the Asiatics are backward by enormous periods, though perhaps not eternally inferior, was given by another member of the Committee, Wanhope of New York. Speaking for the Report of his Committee, he said:

"It was based upon the statement that you will find in the majority report, that the people who come from those particular religions are so far back in psychological and evolutionary development that they are not an assimilable quantity in the United States, and that it is not upon their race alone that the position for exclusion stands, but upon race plus environment, two things that are absolutely inseparable. I think that there are few people here who have really any conception of the vast psychological differences that divide the people of Asia from those of the Caucasian race. The Hindoos, the Chinese, and to a lesser extent I admit, the Japanese, are in an evolutionary stage which is really thousands of years behind that of the European nations. Their conceptions of life, their ideas, coincide with

that particular plane of evolution in which they are. It may perhaps elucidate the last statement to say this, that while the British have been in possession of India for 150 years, both of those races the master race and the conquered race, do not understand each other."

Here are a number of very interesting statements. First, that even the Japanese are thousands of years behind Europe—we are left to infer not that they are where Europe was thousands of years ago, but that it will take them *thousands of years to catch up*. Wanhope is British by birth and his statements made it clear that he is as well satisfied as any defender of the present British government in India that the misunderstanding between those two peoples is wholly to the discredit of the Indians and not at all to that of the British. In saying that race and environment are inseparable he abandoned the pretense that the proposed exclusion was not along racial lines.

Untermann and other exclusionists also used the politician's argument that because these people have been deprived of a vote by the existing capitalistic government of this country they occupy a politically servile position and that their presence is therefore a menace to Socialism.

"And do not forget," said Untermann, "that these men are not citizens. They are not admitted to citizenship. Quite aside from the psychological difficulties of reaching them, there is the other potent fact that they cannot vote after we have got them organized. Either you must insist that the present exclusion laws shall be repealed and then you must also insist that these men shall be admitted to citizenship with the privilege of voting, or you must insist that they be excluded. In order to render them essential elements of the proletarian revolution we must organize them and get them to use their voting franchise. Or we must defend ourselves and exclude them. That is our duty as Socialists, and no other."

The same argument of course would result in allotting an inferior position to negroes in the Socialist movement,

and also to hundreds of thousands of disfranchised foreigners and white Southerners. It would also suggest to the Socialist's enemies that it is only necessary to disfranchise parts of the working class in order to get the Socialist Party to forsake them. Germer said that the Governor of Alabama had used all the power of the State to prevent the negro working men from being organized and that it was therefore impossible to do anything with them. This reminds one of the Irishman's explanation that the people were ready to revolt, only the police would not let them.

Stitt Wilson, now National Executive member, and recently mayor of Berkeley, California, took a similar position. He protested because "organized labor in America and the Socialist Party up to date have permitted the capitalist class of the world to determine when and how they shall flood your precincts with your brothers from all over the world and make them fight this class struggle to the advantage of the capitalist class and to the destruction of our own class throughout the world." Undoubtedly this is true. We are living in a period dominated by capitalism, and neither the Socialists nor organized labor have any opportunity whatever at this time to decide questions of immigration and emigration, except as tools of capitalist parties. If, on the other hand, the Socialists secured control of the government they would then be in a position to allow practically unrestricted immigration, or at least to recognize no race lines in its regulation—without giving the capitalists an opportunity either to make use of the immigrants as tools against the working classes or to utilize the fact of their exclusion as a pretext for war or militarism.

The question is, What Socialists would do if they had control of the national government. Would American Socialists submit to the decisions of the International Congress? If so, there could be no racial discriminations in legislation. The resolution on immigration adopted by the International Congress at Stuttgart was in part as follows:



"The congress does not consider exceptional measures of any kind, economic or political, the means for removing any danger which may arise to the working class from immigration and emigration, since such measures are fruitless and reactionary, especially not the restriction of the freedom of emigration and the exclusion of foreign nations and races.

"At the same time the congress declares it to be the duty of organized workingmen to protect themselves against the lowering of their standard of life, which frequently results from the mass importation of unorganized workingmen. The congress declares it to be their duty to prevent the import and export of strike breakers.

"The congress recognizes the difficulties which in many cases confront the workingmen of the countries of a more advanced stage of capitalist development through the mass immigration of unorganized workingmen accustomed to a lower standard of life and coming from countries of prevalently agricultural and domestic civilization, and also the dangers which confront them in certain forms of immigration.

*"But the congress sees no proper solution of these difficulties in the exclusion of definite nations or races from immigration, a policy which is besides in conflict with the principles of proletarian solidarity."* (My italics.)

Of course the only object in the passing of this resolution was that it should be obeyed by the parties who participated in the congress. And it is understood by the Socialists of each nation that they are subject to the decision of the international congresses. At Chicago, however, the exclusionists declared that the "principle of national autonomy prevents the International Congresses of the Socialist Party from laying down specific rules for the carrying out of the general principles recognized as valid by all Socialists."

The majority delegates were not ready to deny all real power to the international congress and sought other grounds of escape. Stitt Wilson declared: "The Socialist movement of Europe is not asking immigrants to come here;



the working class of the world are seeking to get in touch with each other to prevent this unnatural migration of their brothers." It may be doubted whether this is a fact. The Socialist movements of Italy, Austria, Hungary and Russia are getting immense benefits from the remittances of emigrants and their occasional return. If the Socialists of the countries from which these immigrants are coming approve of the immigration or at least of the *right* to immigrate—as the Stuttgart resolution proved—Wilson must either change his position or deny the authority of the International Congress.

Untermann, Berger, Wanhope, and the other advocates of exclusion showed that they did not wish to leave the International Congress, but they did wish to deprive it of all practical power, as they expressly declared. If there was any doubt on this matter it is removed by Mr. Berger's definite threat that, "where it was a bread and butter question," he and the American party would pay no attention to the decisions of the International organization.

Now, what were the most urgent motives of the minority? It was asserted by many of the most active delegates that the only possible purpose of the consideration of the question at that time, when it was not a political issue, must have been to cater to the non-Socialist unions of the American Federation of Labor. Merrick of Pennsylvania remarked: "I say there are two ways of forming a labor party in this country. One way is to organize it on the pattern of the A. F. of L. Another way is to come into this Congress and so modify and qualify the Socialist program that it will be acceptable to Sam Gompers and John Mitchell." Killingbeck of New Jersey made almost an identical statement: "Let us be honest with ourselves and say that we want a political victory, and, in order to get that victory, we must have the co-operation of the American Federation of Labor, and say to them: 'We are willing to have you dictate to the Socialist Party just what we shall do, so that we can make other cities and states as famous as Milwaukee!'" I have already discussed the relation be-

tween the unions, a "Labor Party" and a Socialist Party. And it will be evident to the reader that there is nothing inherently improbable about the above accusations. If they are true they throw a light behind the scenes, and show all the other arguments for exclusion were mere afterthoughts.

At the Indianapolis convention (1912) the Committee on Immigration—which had been continued with approximately the same membership—again reported and was again continued until the next convention. The process may continue indefinitely. There can be little doubt that the Party is now probably strongly for exclusion, being on much more intimate terms with the American Federation of Labor, which is almost unanimously for exclusion. And three out of five of the members of the present National Executive Committee (Berger, Wilson, and Germer) are, as we have seen, aggressive exclusionists, while the other two are strong partisans of the A. F. of L. But the present ambiguous *status quo* is convenient, since a policy of exclusion might mean the exclusion of the Party from International Socialist Congresses and its classification with the Australian Labour Party.

The majority of the committee at Indianapolis (Untermann, Stitt Wilson, Hunter, and Wanhope) reiterated their former position. They began with a reference to the Chicago Congress:

"In the course of the discussion, Comrade Morris Hillquit introduced a substitute for both reports. This substitute evaded the question for or against the existing exclusion laws, merely demanding that the mass importation of contract laborers from all countries should be combated by the Socialist Party.

"After a debate lasting nearly two days, the congress adopted Hillquit's substitute by a vote of 55 against 50.

"This close vote induced the congress to recommit the question for further study to a new committee on immigration with instructions to report to the national convention of 1912.

"In this new committee the same alignment immediately took place. After a fruitless effort of the chairman to get

unanimous action, the majority decided to act by itself and let the minority do the same.

"Continued study and the developments of the Pacific Coast during the last two years convinced the majority of this committee more than ever that the existing exclusion laws against Asiatic laborers should be enforced and be amended in such way that they can be more effectively enforced.

"Race feeling is not so much a result of social as of biological evolution. It does not change essentially with changes of economic systems. It is deeper than any class feeling and will outlast the capitalist system. It persists even after race prejudice has been outgrown. It exists, not because the capitalists nurse it for economic reasons, but the capitalists rather have an opportunity to nurse it for economic reasons because it exists as a product of biology. It is bound to play a rôle in the economics of the future society. If it should not assert itself in open warfare under a Socialist form of society, it will nevertheless lead to a rivalry of races for expansion over the globe as a result of the play of natural and sexual selection. We must temper this race feeling by education, but we can never hope to extinguish it altogether. Class-consciousness must be learned, but race-consciousness is inborn and cannot be wholly unlearned. A few individuals may indulge in the luxury of ignoring race and posing as utterly raceless humanitarians, but whole races never.

"Where races struggle for the means of life racial animosities cannot be avoided. Where working people struggle for jobs, self-preservation enforces its decrees. Economic and political considerations lead to racial fights and to legislation restricting the invasion of the white man's domain by other races.

"The exclusion of the Asiatic from the shores of this country will at least give to the American laborer the advantage of fighting the Asiatic competition at long range and wholly through international commerce, instead of having to struggle with the Asiatic laborer upon American soil.

"International solidarity between the working people of Asia, Europe and America will be the outcome of international evolution, not of sentimental formulas. So long

as the minds of the workers of nations and races are separated by long distances of industrial evolution, the desired solidarity cannot be completely realized, and while it is in process of realization, the demands of immediate self-preservation are more imperative than dreams of ideal solidarity."

These are certainly illuminating arguments. They would be startling enough if they came from mere democrats or Laborites. From "international Socialists" they are—still more startling. But we must remember that all four of the majority of the committee are practically Laborites in all their views.

The minority of the Committee (Laukki, Spargo, and Meyor London) were equally unsatisfied with the Hillquit evasion at Chicago, and proposed, instead, the reaffirmation of the Stuttgart resolution.

The situation, at the best, casts the most serious reflections on the internationalism of the American Socialists, and suggests strongly that they may follow along the lines of the Australian Labour Party, which has lately created compulsory military training and added materially to the British Navy.

[Note—I have made no references in this Appendix to the body of the text, so that a number of statements that appear here—if taken by themselves—might seem to be insufficiently explained or to be based on insufficient evidence. I have not made such references for two reasons: First, because they would be so numerous as to disfigure the text of the Appendix, and, second, because a previous familiarity with the main body of the book is presupposed.]





## NOTES

### INTRODUCTION

1. Karl Kautsky—"Parliamentarismus und Demokratie," p. 121.
2. Speech of Lloyd George, October 11, 1913.

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1. Roosevelt's Speech, August 6, 1912.
2. All quotations from President Wilson, when not otherwise stated, are from his "New Freedom."
3. The Century Magazine, October, 1913.

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2. Sec. of Labor W. B. Wilson's speech at A. F. of L. Convention, November 12, 1913.
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4. "European Cities at Work," pp. 152, 243.
5. *Ibid.*, 144.
6. H. G. Wells—"New Worlds for Old," p. 185.
7. Edward Bernstein—"La Salle," p. 111.
8. Chiozza-Money—"Things that Matter," p. 66.
9. Collier's Weekly, August 24, 1913.
10. Speech at New York City, October 14, 1913.
11. European Cities at Work, pp. 200, 203.

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1. New York Sun, April 4, 1913.
2. William C. Redfield—"The New Industrial Day," p. 142.
3. G. F. Taylor—"The Principles of Scientific Management," p. 9.
4. Lloyd George—"Better Times," p. 93.
5. William C. Redfield, *op. cit.*, p. 162.
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7. *Ibid.*, pp. 159, 164.
8. *Op. cit.*, p. 54.
9. Josephine Goldmark—"Fatigue and Efficiency," p. 203.
10. M. B. Hammond—Annals of American Academy of Political and Social Science, June, 1913.
11. Saturday Evening Post, June 28, 1913.
12. Redfield, *op. cit.*, pp. 211-213.
13. *Ibid.*, p. 159.
14. New York Times, November 12, 1913.
15. Fred C. Howe, *op. cit.*, pp. 127-132.
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2. "Things That Matter," pp. 4-6.
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5. Prof. M. B. Hammond in The Annals of the American Academy, June, 1913.
6. Presidential Address to the American Association for Labor Legislation, December 28, 1913.

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2. The Century Magazine, September, 1913.
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5. Hugo Munsterberg—"Psychology and Industrial Efficiency," p. 37.
6. New York Evening Globe, February 4, February 5, 1913.
7. "Monarchical Socialism in Germany," p. 57.
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9. "Socialism As It Is," p. 103.
10. "More Money for the Public Schools" (booklet).
11. The Sage Foundation—Comparative Study of Public School Expenditures in Forty-Eight States.
12. "The Larger Aspects of Socialism," p. 317.

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2. New York Times, November 25, 1911.

## CHAPTER VII

1. Karl Kautsky—"The Class Struggle," p. 243.
2. "Better Times," pp. 33, 34.
3. Collier's Weekly, August 3, 1913.
4. The Annals of the American Academy of Political and Social Science, June, 1913.
5. The New Statesman, April 12, 1913.

## CHAPTER VIII

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4. *Op. cit.*, p. 111.
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2. Otto Rühle—Grundfragen der Erziehung, pp. 63, 64.
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5. "The Socialist Review," April, 1909.
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13. See Syllabus for the address at Queens Hall, April 18, 1910.
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2. The New York Call, October 4, 1913.

## APPENDIX E

1. Liebknecht, "Socialism, What It Is," etc.
2. Kautsky, "The Class-Struggle."



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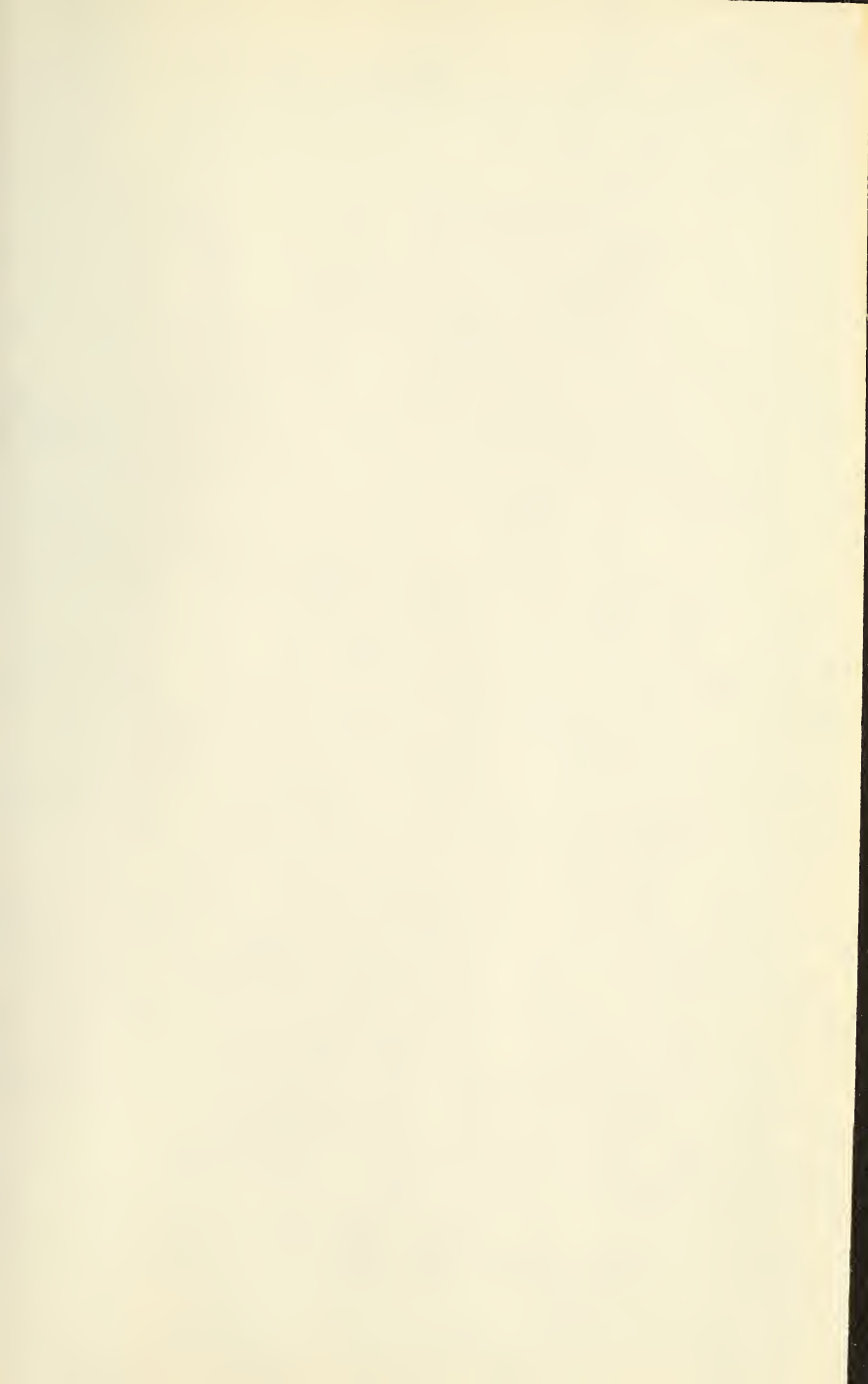
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